

Libyan Troops Besieging City In Northern Chad, U.S. Says

Compiled by Our Staff From Dispatches
WASHINGTON — Between 1,500 and 2,000 Libyan troops, equipped with artillery and armored vehicles, have joined in a siege of the oasis town of Faya-Largeau in northern Chad, the State Department said Monday.

Government officials in Nijamena, the capital of Chad, said that Libya had resumed its intensive bombing of Faya-Largeau Monday afternoon.

"The situation is serious," said John Hughes, the State Department spokesman. "Faya-Largeau is besieged by Libyan troops and Libyan-supported rebels."

U.S. Hopes Aid to Chad Curbs Libyan Expansion

By Philip Taubman
New York Times Service

WASHINGTON — Reagan administration officials say the dispatch of two U.S. AWACS surveillance planes and an escort of F-15 fighters to help Chad is aimed at countering what Washington perceives to be an effort by Libya to create its own sphere of influence across Africa.

In geopolitical terms, officials say that Chad, which is an impoverished, landlocked desert nation with a population of 4.4 million people, is relatively unimportant in U.S. security interests.

But the officials said that as a testing ground, and potential base, for Libyan attempts to subvert other nations, including Egypt, Sudan and Nigeria, Chad had become the focus of a Western effort to demonstrate to Colonel Moammar Qadhafi, the Libyan leader, that attempts to expand his influence would be strenuously opposed.

A senior administration official said Sunday, one day after the planes were sent, "We view Libyan aggression in Chad as only the latest and most brazen example of a broader pattern of Libyan efforts to destabilize and subvert governments across a whole belt of states in Africa."

Although Libya has bought large quantities of arms from the Soviet Union and has been viewed at times by U.S. officials as an erratic Soviet ally, administration officials say they do not believe Libyan activities in Africa are coordinated with Moscow.

Administration officials said about 2,000 Libyan troops had moved into northern Chad to sup-

port a rebel drive against government forces. Last week the United States accused Libya of bombing Faya-Largeau, a city in northern Chad that has been at the center of intense fighting between rebel and government forces.

All of the pieces of the Western effort have not yet fallen into place. France, which colonized north, western and central Africa, includ-

ing Chad, and has remained a major presence in the region, said Sunday that it had ruled out sending troops or combat aircraft, even though President Hishene Habré on Saturday repeated an appeal for direct French air support. But France has stepped up its supply of arms to Chad, and last week said it was sending the government anti-aircraft weapons.

The Reagan administration has made clear in public statements and private diplomatic communications that it expects France to take the leading role in Chad, according to administration officials.

Secretary of State George P. Shultz said Sunday on a television interview program, "We're in close consultation with the French and I'm sure that they will exercise their responsibilities properly."

Relations between Washington and Paris would be strained, U.S. officials said, if the French government decided to move aggressively to help Chad halt the rebel drive. The officials said President Ronald Reagan's decision to send airborne warning and control system planes

(Continued on Page 2, Col. 1)

Sudan along with support aircraft. Libya said Monday its air force would shoot down any of the AWACS planes that "affect Libyan territory."

In other developments Monday: A man described as a captured Libyan pilot appeared before the public in the capital and said that Libyan-backed insurgents were preparing a major ground assault on government forces at the northern oasis town. There was no immediate response from Libya, which repeatedly has denied it is involved in the latest round of Chad's 18-year-old civil war.

Claude Cheysson, France's minister of external relations, said that the United States had not consulted France before it sent arms and advisers to Chad.

Zaire announced it was sending 700 more soldiers to Chad because of "further proof" of Libyan involvement in the conflict and the "arrogance and expansionist aims" of Libya's leader, Colonel Moammar Qadhafi. Zaire is the only country thus far to have sent combat troops to Chad, and the new contingent would bring the total to 2,450.

The man described as the pilot of the Soviet-built Sukhoi-22 bomber, shot down Friday 15 miles from Faya-Largeau, was brought out before 50 journalists and 5,000 civilians gathered Monday in Nijamena.

Chadian officials identified the pilot as Major Abdel Salam Sharfadin.

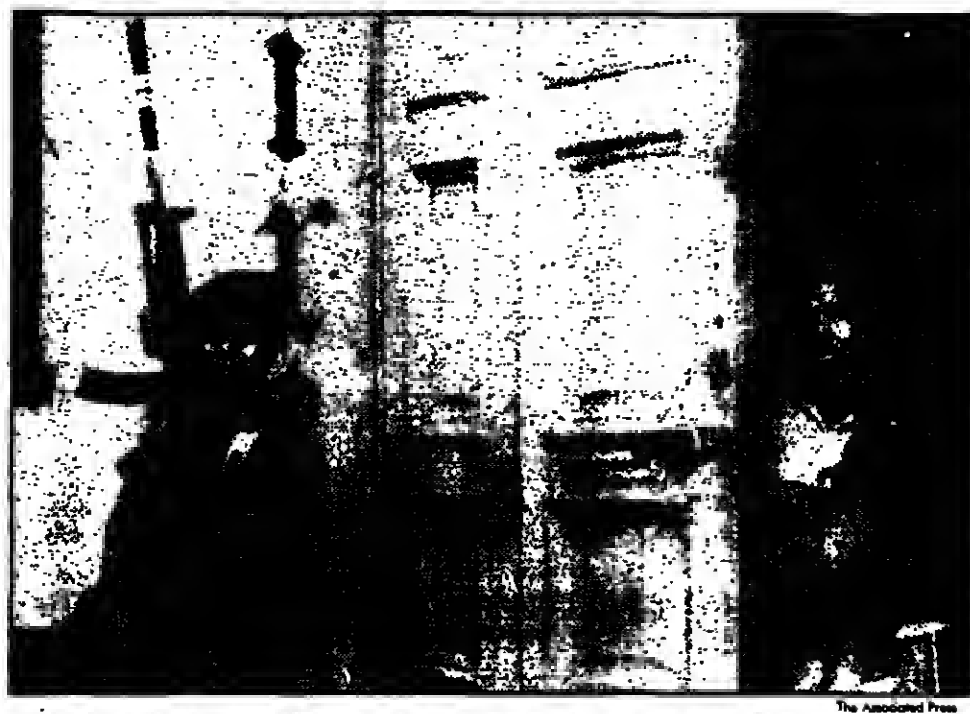
Major Sharfadin said that Libyan bombers had been ordered to weaken the position of government troops around Faya-Largeau in preparation for a new ground assault on the city by the insurgent forces of the former president, Goukouni Oueddei. The pilot said he did not know when the attack was to take place.

The pilot said Soviet-built Tupolev-22 bombers also were engaged in the action as well as light tanks, which had returned to Libya when their missions were completed.

Major Sharfadin confirmed that Libyan planes had dropped 500-kilogram (1,100-pound) napalm, phosphorous and fragmentation bombs on Faya-Largeau.

Mr. Cheysson said in a television interview in Paris that France had not been consulted about Washington's decision to send the surveillance planes to monitor the situation in Chad, nor of its decision to send U.S. military advisers into the former French colony.

The State Department said in Washington there had been many consultations. Western diplomatic



A soldier with an automatic weapon stood guard near the National Palace in Guatemala City Monday after the military announced a coup to replace President Efraín Ríos Montt.

Sri Lanka President Charges Rioting Was Part of Marxists' Coup Attempt

By William Claiborne
Washington Post Service

COLOMBO, Sri Lanka — Marxist officers in Sri Lanka's army encouraged the ethnic conflict that led to the island republic's worst communal violence since independence, and then participated in it in an attempt to stage a coup d'état, President Junius R. Jayewardene has charged.

Mr. Jayewardene, interviewed at his home last week, said he received "typewritten evidence" last Tuesday, which he planned to release soon, showing that army officers loyal to the Marxist-Leninist People's Liberation Front planned civil disturbances in five stages designed to lead to an overthrow of his government by the military and national police. He said the evidence came from party informers.

He said he had no "direct evidence" that a foreign power was involved in the coup attempt and added: "It's a very serious thing to point a finger. If we do get direct evidence, we certainly will do so."

Mr. Jayewardene said three Marxist-oriented political parties, in collaboration with the leftist military officers, successfully exploited centuries of tension and distrust between the Buddhist Sinhalese, who form 75 percent of the country's 15 million population, and the Hindu Tamils, who make up 20 percent, to cause violence as a cover for a takeover of his government.



Junius R. Jayewardene

Violent clashes between Sinhalese and Tamils began July 24 after 13 Sinhalese soldiers were slain in an ambush near the Tamil town of Jaffna. Rioting soon spread throughout the country and into the capital.

The official death toll in the violence is 267, mostly Tamils, but the actual toll is believed to be much higher. The violence is the worst of its kind since Sri Lanka, known as Ceylon until 1972, was granted independence from Britain in 1948.

Mr. Jayewardene said the violence was not a riot. "It is a revolutionary war, and we have to adopt counter-revolutionary methods."

As for the Tamil Tigers separatist guerrilla movement in the northern and eastern provinces of Sri Lanka, Mr. Jayewardene said: "I think we can eradicate them. They did so in Malaysia and Burma."

The Tiger guerrillas are the radical arm of the Tamil separatist movement, which seeks to establish a separate nation in the northern provinces for Sri Lanka's 3.5 million Tamils. Estimates of their strength range from less than 200 to more than 1,000 guerrillas.

Mr. Jayewardene said that leftist soldiers acting as provocateurs had been seen July 31 at the Colombo

site of a planned mass burial for the Sinhalese soldiers who had been ambushed in Jaffna the previous day. The funeral attracted a large and emotional Sinhalese crowd before the bodies were hastily removed, and attacks on Tamil neighborhoods in the capital began shortly afterward.

He said the plotters used the ambush to launch the first phase of a revolution by fanning the hatred between the Sinhalese and the Tamils.

The president said the second and third stages of the revolution, which did not succeed, were designed to incite violence between Sinhalese and the small Muslim minority and between Buddhists and Christians. "If they had succeeded, there would have been a fairly general conflagration," Mr. Jayewardene said.

Anticipating stringent around-the-clock curfews and shortages of food, the plotters then intended to incite food riots to add to the confusion, Mr. Jayewardene said. The last stage was to be a takeover of the government by "dissidents" in the army and national police.

He said that in addition to the People's Liberation Front, which in 1971 attempted to oust the government of Sirimavo Bandaranaike and whose leaders were released from prison by Mr. Jayewardene in 1977, the plotters included members of the pro-Moscow Sri Lanka Communist Party and a small Trotskyite party, the New Equal Society Party. Mr. Jayewardene banned all these parties last week. He said Communist members of Mr. Bandaranaike's Sri Lanka Freedom Party, which has not been banned, were also involved.

Mr. Jayewardene said he was still prepared to make conciliatory gestures in any Tamil who abandoned the demand for a separate state. He drafted a constitutional amendment, unanimously adopted Friday by the Parliament, which his United National Party controls, which proscribes any parties that advocate separatism and bans publication of any separatist propaganda.

(Continued on Page 2, Col. 5)

Military Stages Guatemala Coup; Defense Minister Takes Top Office

Compiled by Our Staff From Dispatches

GUATEMALA CITY — Defense Minister Oscar Mejías Víctores seized control of the government Monday in a military coup, replacing President Efraín Ríos Montt, the national radio reported.

General Mejías Víctores took the presidential oath of office at the National Palace Monday afternoon. It was administered by Ricardo Sagastume Vidaurte, president of the Supreme Court.

There were unconfirmed reports, however, that General Ríos Montt was holding out with some supporters in the Presidential House, adjacent to the National Palace. Witnesses said there was shooting in the area around the palace.

But other reports said that General Ríos Montt had conceded power to General Mejías Víctores within four hours of an armed forces proclamation removing him from power. A Reuters dispatch added that five persons had been killed in the coup.

A communiqué from the military command, read on a nationwide broadcast, said General Ríos Montt had been deposed because of "the situation created by a small group which for personal ambitions wants to perpetuate its power." The broadcast said the nation's military leaders, including the commanders of the land, air and naval forces, had charged that "a reli-

Prior to the announcement, more than a dozen air force planes and helicopters circled the National Palace and military installations in the Guatemala capital.

"A friend saw two dead bodies near the palace on the main square," said Robert Rosenhouse, a U.S. journalist and longtime resident of Guatemala City.

"The coup apparently is not completely consolidated yet," Mr. Rosenhouse said. "Radio stations are giving army communiqués with the list of officers and bases that support the coup."

He said that gunfire also was heard near the central police station and that streets around the general staff building and a fort were blocked off.

The coup followed by a day after General Mejías Víctores met in Tegucigalpa, the Honduran capital, with U.S. military leaders, the Honduran military commander.

(Continued on Page 2, Col. 3)



Efraín Ríos Montt

gious and fanatic group was taking advantage of Ríos Montt's position."

The military proclamation reaffirmed the army's commitment to eradicating what it described as Marxist-Leninist subversion. It said the military council would support ways of leading Guatemala along a democratic path, but did not mention elections.

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(Continued on Page 2, Col. 3)

Craxi's Economic Pill May Be Bitter for Left

By Henry Tanner
International Herald Tribune

ROME — As Benito Craxi prepares to go before Parliament Tuesday evening to introduce his government and its policy program, it has become increasingly clear that Italy's first Socialist prime minister is committed to domestic and foreign policies that will dismay much of the Italian Left.

On the vital economic questions on which he has to act immediately, the Craxi government is reported to be preparing stronger measures than were thought possible before its investiture.

It is set to give priority to strong but "socially fair" anti-inflation measures, reduction of the budget deficit, cuts in health and other social services and in putting further brakes on the rate of salary increases, according to government sources.

Mr. Craxi, it is understood, would like an invitation to Washington for talks with President Ronald Reagan before the end of the year. Later, he hopes to visit Moscow and hold talks with Yuri V. Andropov, the Soviet leader, according to informed sources.

A pro-American Atlanticist and strong believer in the Western alliance, Mr. Craxi is said by aides to be determined to go through with the deployment of 112 U.S. cruise missiles in Sicily before the end of the year if Soviet-American talks in Geneva fail to bring satisfactory results.

But like Chancellor Helmut Kohl of West Germany, he is calling for flexibility on both sides.

He has expressed interest in the "walk-in-the-woods" outline proposed by the American negotiator, Paul H. Nitze, and his Soviet counterpart, Yuri A. Kisvinsky. The outline, which was rejected by both Moscow and Washington, called for a reduction in Soviet SS-20 missiles aimed at Europe to about 75 and limitation of the new U.S. deployment to the same number of cruise missiles. An agreement along such lines would take much of the political pressure off the European governments involved.

The prospect of effective measures against inflation emerged last week during negotiations on an economic program between the coalition parties. According to Giu-

liano Amato, the expert who conducted the negotiations for Mr. Craxi, the other parties had underestimated the Socialists' realism.

His party has changed since the boom years of the 1960s, when it was the role of a Socialist Party to press for constant economic expansion in create jobs and increase salaries and social services, he said in an interview.

"We are a party which knows that protecting salaries without taking care of inflation" is unrealistic and that it is impossible to protect jobs in industries that are dying, Mr. Amato said.

In the economic crisis of the 1980s, leftist parties themselves must be willing to take the necessary economic steps because otherwise the voters will turn to conservative regimes as in Britain, the United States and West Germany, which will adopt the needed measures "without regard to social fairness," he said.

Mr. Amato was appointed undersecretary in the prime minister's office last Friday, confirming his role as Mr. Craxi's closest adviser.

(Continued on Page 2, Col. 4)



FAMILY PHOTO — Vacationing north of Madrid, Prime Minister Felipe González of Spain holds his daughter, Maria, while his wife, Carmen, and son David pose for a picture being snapped by another son, Pablo.

Weather, Politics Dim U.S. Crop Outlook; Food Costs Expected to Rise

By Ward Sinclair
Washington Post Service

WASHINGTON — From the Rocky Mountains to the Atlantic, heat and dry weather are seriously threatening the corn and soybean crops that underpin the U.S. farm economy.

The unexpected drought comes on top of the Reagan administration's payment-in-kind program, which had already reduced expected production of grain and other major crops. The result could be sharply increased food prices next year on everything from beef and pork to eggs, soft drinks and cooking oil.

Specialists at the Department of Agriculture see the next two weeks as critical in shaping the 1983 corn and soybean crops.

"It is a discouraging picture," said Lyle Denny, a U.S. meteorologist. He said that forecasts for August all predict less rain and warmer weather than normal. In Des Moines, Iowa, Orville Sweet, executive vice-president of the National Pork Producers Council, showed a bit more optimism. "We've just one good rain away from prosperity," he said.

A former Democratic official in the Department of Agriculture put it in political terms: "If this corn crop goes down the tubes, you'll hear people calling this

administration's payment-in-kind program one of the most colossal blunders of all time."

Corn, a key ingredient in meat, poultry and milk production and hundreds of industrial uses, is the common denominator. Under the payment-in-kind program, sometimes called PIK, farmers have left fallow about 30 percent of their corn acreage. Now the crop is expected to be about 6 billion bushels (2.1 billion hectoliters), compared to last year's 8.4 billion.

The program gives farmers surplus grain in return for not planting, and already has pushed corn prices upward, as it was designed to do. But weather jitters have added to this price spiral.

Representative Cooper Evans, Republican of Iowa, predicted last week that the Department of Agriculture, given the tightened situation, will abandon plans for payment-in-kind in 1984. "By fall, the government's corn bins will be empty, market prices will be up and our farmers will be gearing for full production in 1984," he said.

Meanwhile, the weather situation is bad:

● Although the first official Department of Agriculture 1983 corn harvest projection will not be out until Thursday, specialists expect losses to be heavy because of drought in the key Corn Belt states. Some private

analysts predict the national crop will fall a billion bushels short.

● Experts at Iowa State University call the situation in their state "worse than 1980," with forecasts predicting the state's corn yield will be 103 bushels per acre, compared to 126 in normal conditions.

● In Georgia, the No. 1 poultry state in the nation, high temperatures in one week of July killed 350,000 broilers and 14,000 breeder hens. Higher prices for corn and soybeans, staples of modern chicken feed, will mean higher prices at the supermarket.

● Intense heat and dryness have hurt farmers in 27 Western Texas counties, where the state agriculture commissioner, Jim Hightower, said: "We've got the makings of a new Dust Bowl out there."

● Excessive spring rains and flooding in the Mississippi Delta and continuing unseasonal cool weather in California's Central Valley have cut into U.S. cotton projections.

Throughout the major Midwestern corn and soybean states last week, agriculture officials agreed that the damage to corn is considerable, but the soybeans can be salvaged if rain comes soon. Elvin Taylor of Iowa State University said, "There's a rule of thumb that you can stomp all over your soybeans, but treat them right in August and you'll get a crop."

Mr. Taylor said his crop data last week indicated that a tenth of the state has lost between 30 and 50 percent of its corn, with counties in the southern half suffering losses in the 30-percent range. "We expect everything to be down from 20 to 25 percent," he said.

In neighboring Missouri, a U.S. crop analyst, D.M. Bay, said July rainfall generally was 3 inches (7.6 centimeters) below normal, which, in combination with high temperatures, put corn and soybeans under heavy stress. "It's still not too late — a good rain would help soybeans and sorghum," Mr. Bay said.

"We're in a critical period," agreed E.L. Park of the U.S. Department of Agriculture in Indiana. When corn is under stress, he said, it will preserve itself by slowing kernel development, but until the kernels either fill the ear or abort, nobody really knows.

Abi Massey, executive director of the Georgia Poultry Federation, said that chicken, turkey and egg prices are certain to go up because of the rapidly changing grain market.

A Mississippi Delta farmer, Edgar M. Hood 3d, who is trying to raise 725 acres (292 hectares) of soybeans in Tunica County, reflected the worries of the American farmer when he recently surveyed his crop and pronounced it "burned up."

Colombo Minister Seeks Aid

Reverses

COLOMBO, Sri Lanka — Sri Lanka appealed Monday for "quick, urgent" international help to rehabilitate thousands of people affected by recent ethnic violence.

Finance and Planning Minister Ronald J.G. de Mel told foreign ambassadors and representatives of international aid agencies that the nine days of rioting had damaged or destroyed at least 18,000 houses, making about 100,000 people homeless. He said that \$3.5 million would be required just to provide clothing, and that food and building materials were also needed.

More than 100 factories have been damaged at a cost of about 2 billion rupees (\$83 million), making thousands of people jobless, he said.

The minister said the need was to rehabilitate the victims immediately, ensure a medium- and long-term recovery of the country and restore confidence in Sri Lanka internationally.

He indicated that the government would accept aid in cash or goods.

Sri Lanka remained tense Monday but business activity was reported to be returning to normal.

INSIDE

■ Civilian experts are vital to U.S. weapons systems, but military leaders wonder how they would react in a crisis. Page 3.

■ As more Southern women start voting, President Reagan is believed to be in deeper and deeper political trouble. Page 3.

■ Thirty years after the armistice of 1953, South Korean society could be described as semi-miraculous. Page 6.

■ Nigerian election early returns give the lead to incumbent President Shagari. Page 6.

BUSINESS/FINANCE
■ U.S. banks raised their prime lending rates, helping to push the Dow Jones industrial down 20.23 points. Page 9.

TOMORROW
■ A missing daughter in Argentina is reunited with her 'disappeared' mother. Insights.

U.S. Envoy Starts Talks With Saudis; Syria Shoots Down Israeli Spy Plane

UNITED PRESS INTERNATIONAL
TAIF, Saudi Arabia — The U.S. special envoy, Robert C. McFarlane, began talks with Saudi leaders on Monday on removing foreign forces from Lebanon, where Syria shot down a pilotless Israeli spy plane.

A source said it was likely that Mr. McFarlane would remain in Saudi Arabia for a day or two, then fly to Egypt before returning to Israel in the middle of the week. There was no word on whom he would meet with in Saudi Arabia.

The Saudi foreign minister, Saud al-Faisal, who usually welcomes presidential envoys, was not at

Taif's airport to meet Mr. McFarlane. Observers saw the reception as low-key, possibly indicating Saudi displeasure at the lack of U.S. pressure on Israel to withdraw from Lebanon.

In Tel Aviv, an Israeli Army spokesman confirmed that a drone had been shot down by two land-to-air missiles fired from Syria. He said the drone was on a regular reconnaissance flight over east Lebanon.

Official Syrian radio quoted a military spokesman as saying that a "remote-controlled enemy airplane" tried a reconnaissance overflight of our positions in the Bekaa Valley.

"Our air defenses struck and downed it over Aita al-Foukhar," three miles (five kilometers) north of the Israeli front line in the Bekaa Valley and 32 miles east of Beirut.

In the Syrian-controlled Bekaa Valley, a security official said residents of Baalbek held a protest strike Monday over the killing of at least 33 persons and the injuring of 133 when a bomb hidden in a car exploded in the town's market place Sunday.

Syrian troops patrolled roads and increased their positions around Baalbek, the official said. A group calling itself the Front for the Liberation of Lebanon from Foreigners has said it carried out the Baalbek attack.

In the southern city of Sidon, gunmen fired at the chief of the pro-Israeli National Guards group, Mustapha al-Aranati, seriously wounding him in his chest, a security official said.

The Baalbek bombing, the fourth in three days, underscored the deteriorating security in Lebanon as Mr. McFarlane shuttled to Taif after being rebuffed by President Hafez al-Assad of Syria in six hours of talks Sunday.

Mr. McFarlane is trying to secure an agreement by all sides to get Syrian, Israeli and Palestinian forces out of Lebanon.

As Mr. McFarlane left Damascus on Sunday, Mr. Assad renewed his denunciation of the U.S.-mediated agreement between Israel and Lebanon on May 17 calling for the withdrawal of the 30,000 Israeli troops, 10,000 Palestinian guerrillas and the Syrian soldiers from Lebanon.

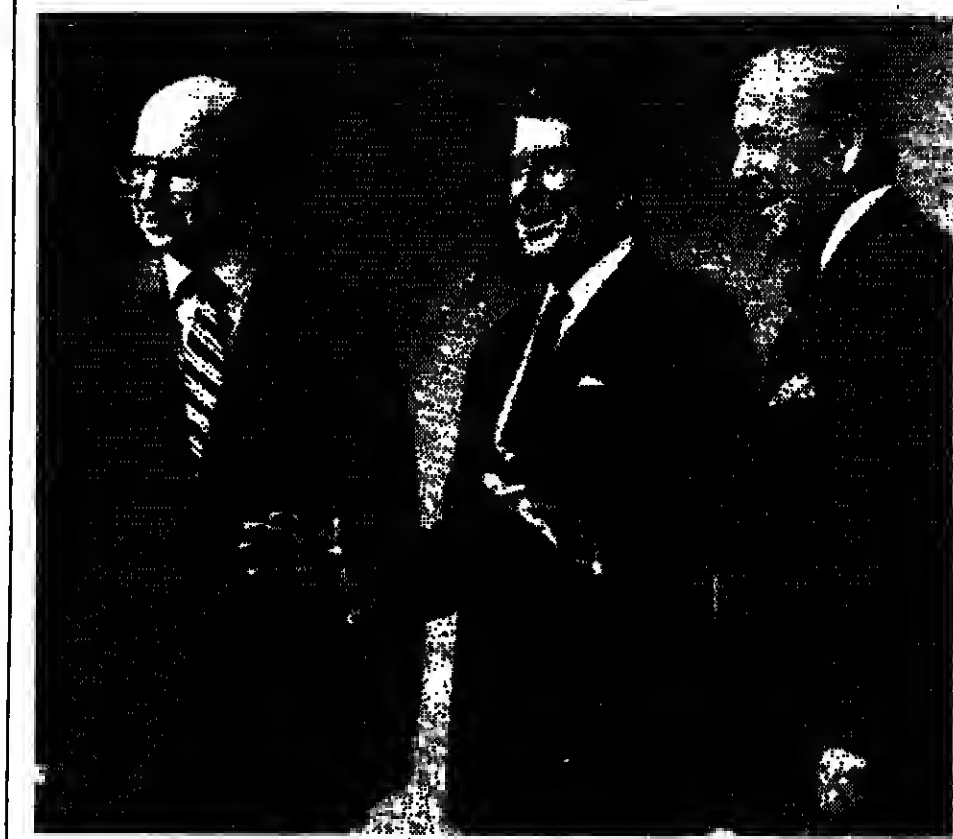
Israel has refused to carry out the agreement until Syria pulls out its troops.

"Syria is determined in its stand against the agreement of submission," official Syrian radio quoted Mr. Assad as saying. "The agreement strips Lebanon of its sovereignty and freedom and threatens Syria and the Arab nation as a whole."

Damascus radio acknowledged Monday that the United States had to be taken into consideration as a factor in the region but questioned its role as an "honest arbiter and mediator."

It accused the United States of "using Israel's actions and policies to further American strategic interests in the region."

"There has been no lack of Arab peace wishes expressed, but the U.S. views things from Israel's viewpoint," it said.



INTRODUCING ENVOY — President Ronald Reagan, center, and Secretary of State George P. Shultz, right, introduced the new ambassador to El Salvador, Thomas R. Pickering, to reporters Monday in the Rose Garden at the White House.

U.S. Hopes Aid to Chad Curbs Libyan Expansion

(Continued from Page 1)

was, in part, an effort to press France to do more.

The State Department said Saturday that the two AWACS planes, F-15 fighter escorts, aerial tankers and other reconnaissance planes had been sent to monitor reported Libyan air attacks on government-held positions in Chad.

There has been no official word about where the planes were to be based, but some officials suggested they were flown from U.S. bases and were to be stationed in Sudan, which borders Chad on the east. A State Department spokesman stressed that "we do not anticipate that these aircraft would operate in a situation where they will come under attack."

Administration officials said that at current force levels, the embattled government of Mr. Habré faces an immediate threat of being overthrown by the rebels, who are led by his predecessor as president, Goukouni Oueddei. But the U.S. officials said that any increase in Libyan support could quickly change the outlook and push the fighting toward Njemena, the capital.

Earlier this year President Reagan sent four AWACS planes to Egypt as a show of force after learning that U.S. and Egyptian intelligence agencies had discovered a Libyan plan to overthrow the Sudanese government. The reported plan was denied by Mr. Qadhafi.

American officials said Mr. Qadhafi persuaded Ethiopia and Southern Yemen to sign a friendship treaty with Libya in 1981.

Somalia, which has received U.S. support since it expelled Soviet and Cuban advisers in 1977, viewed the treaty as a threat to its security.

Although the officials lack hard evidence of Libyan involvement in a coup that toppled the leaders of Upper Volta last week, they said the new government, headed by Captain Thomas Sankara, a para-troop commander, was likely to be sympathetic to Libyan interests.

If Chad falls under Libyan control, the officials fear surrounding countries, most of which are impoverished and militarily weak, would be easy prey for Mr. Qadhafi. These include Niger, Cameroon, the Central African Republic and Sudan.

In addition, the officials fear that two strategically vital countries, Nigeria and Egypt, could ultimately be threatened by Libya.

Libya Is Said To Join Siege

(Continued from Page 1)

sources said there had been several meetings and telephone contacts between the two sides.

France is providing an undisclosed amount of weapons and ammunition to Mr. Habré's troops.

French Change Reported

The Washington Post quoted U.S. officials as saying Monday that the French government had "considerably modified" its decision not to intervene militarily in the fighting in Chad.

The officials, who declined to be identified, said that the French were waiting to see if Libyan bombing raids continued in Chad before reaching any decision on how to respond.

Defense Minister Charles Hernu was quoted Sunday as saying, "France will supply Chad's government with assistance adapted to the situation in the framework of the 1976 accord," which provides only for logistic support.

Mr. Hernu's remarks, said Mr. Hughes, the State Department spokesman, "were taken out of context" by the media. "Our understanding is that the French will reach the necessary decisions in the light of the situation in Chad."

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Craxi May Have Bitter Pill for the Left

(Continued from Page 1)

He is professor of constitutional law at the University of Rome.

In the interview before his appointment, he said that the government was "ready to save money and reduce the budget deficit by making selective cuts in pensions and health services" and other areas. He added that these cuts must be "socially fair" and that "low incomes" must be protected. The term "low income" still had to be defined, he said, and he added, "We know that you cannot have an effective system if you give free pensions to everybody."

The government, Mr. Amato said, would ask Italian workers to limit their wage demands. He indicated that it would not hesitate to take a tough stand with the unions but hoped that a confrontation between the unions and a Socialist prime minister could be avoided precisely because the government now was Socialist-led.

"The cohesion of the government on economic policy will be one of its first major tests," The Craxi government's first

success may turn out to be the conclusion of a long-overdue three-year contract between workers in heavy industry and management.

Negotiations had been going on for several months before they were broken off at the start of the election campaign.

It is thought that some of the major industries held off signing a proposed draft agreement at that time because they wanted to keep this "gift" for the new government to make relations with it easier.

The same happened last December, when the outgoing government of Prime Minister Giovanni Spadolini reached near agreement with the industries and the unions on a revision of the indexation system, under which wages have been increasing faster than prices for many years.

Unions and management held off on the agreement but signed it almost as soon as the new government, under Amintore Fanfani, was sworn in.

Coup Plot Seen in Sri Lanka

(Continued from Page 1)

lic discussion, inside Sri Lanka and abroad, of Tamil independence.

He admitted that his preoccupation in the last nine months with campaigning in local and national elections may have diverted attention from his efforts to grant Tamils more autonomy.

Tamils have blamed much of the increased violence by the separatists on frustration over the government's failure to implement promised reforms, coupled with impatience over the Tamil United Liberation Front's activity as the moderating force between the Tamils and the government.

"The TULF was prepared to wait, but the Tigers wouldn't let them," Mr. Jayewardene said. But he added that the negotiating process will continue. "We are more interested in the Tamil people than the Tamil party that represents them. Maybe we can represent them."

Heavy Quake Kills One, Halts Traffic in Tokyo

TOKYO — One person was killed and 28 were injured Monday when a strong earthquake hit central Japan, including Tokyo's metropolitan area.

The national police agency said the earthquake, measuring 5.8 on the open-ended Richter scale, halted railroad, highway and air traffic in and around Tokyo for several hours, but services returned to normal after safety checks.

New Demand Put In Vatican Case

MILAN — The Turkish group that claims to have kidnapped a Vatican employee's daughter just over six weeks ago said Monday that it would free her if the pope would say publicly that the Turk who shot and wounded her two years ago is human.

The Turkish Anti-Christian Liberation Front had hitherto threatened to kill Emanuele Orlandi, 15, unless Mehmet Ali Agca, who shot the pope and is serving a life sentence, were released from jail.

The front, in a letter to the Italian news agency ANSA, called on Pope John Paul II to declare: "Ali Agca is a human being like Emanuele Orlandi and should be treated as one." The letter did not say explicitly that the group was dropping its earlier demand that Mr. Agca be released.

WORLD BRIEFS

U.S. Senator to Meet Polish Officials

WARSAW (AP) — Senator Christopher J. Dodd arrived in Poland on Monday for a three-day visit during which he is expected to have discussions with Polish officials over the possible lifting of Western economic sanctions.

Mr. Dodd, a Connecticut Democrat and a member of the Foreign Affairs and Finance committees, is thought to favor lifting the sanctions. His visit is designed in part to generate U.S. sentiment for relaxing the tough U.S. stance toward Poland. Western diplomats in Warsaw said the United States and its allies said they might ease the sanctions after martial law ended July 22.

Mr. Dodd was scheduled to meet Tuesday with Zbigniew Gertych, vice marshal of the Polish parliament; Finance Minister Tadeusz Nieckarz; and the Roman Catholic primate, Jozef Glemp. He is also expected to travel to Gdansk to meet with Lech Walesa, chairman of the outlawed Solidarity labor federation.

Security Set for French Basque Area

PAU, France (Reuters) — The French government will adopt special security measures in the French Basque region to curb an upsurge of violence by separatists, local officials said Monday. They said details would be announced in the next few days.

A policeman was shot to death and another was seriously injured Sunday in Dax, in southwest France, in the bloodiest incident this year in the region. Police said they suspected that militants of the separatist group Iparratarak (Those of the North) carried out the attack, which local officials said they saw as a sign of deterioration of the political climate in the region.

Police said they thought the attack was related to the arrest last week of two Basque activists in connection with a fire-bombing at a vacation villa near the Spanish border. The French Basque region has not experienced recurrent violence until recently. Officials said it was not clear whether Iparratarak had links with the Spanish Basque separatist group ETA.

300 Arrests Reported in Indian State

NEW DELHI (Reuters) — More than 300 members of opposition parties and trade unions have been arrested in the eastern Indian state of Orissa, where a general strike is planned for Tuesday, the Press Trust of India reported Monday.

The news agency said the strike was called by the opposition Bharatiya Janata party, the Janata party and the Communist Party to protest what the opposition called rampant corruption and failure of the state government.

The rice-producing state, ruled by Prime Minister Indira Gandhi's Congress-I Party, has been hit by droughts and floods, and the opposition parties said they also wanted to draw attention to the plight of the victims.

UN Leader Offers Cyprus Peace Plan

NICOSIA (UPI) — United Nations Secretary-General Javier Perez de Cuellar has proposed a plan for settling the Cyprus problem, a government spokesman said Monday. He said Mr. Perez de Cuellar's special representative in Cyprus, Hugo Gobl, delivered the proposals Monday to Foreign Minister Nicos A. Rolandis.

The document contained "a number of points in the form of an unofficial sounding with the aim of giving substance to the initiative the secretary-general has undertaken to promote a just and lasting solution to the Cyprus problem," the spokesman said, but declined to elaborate. Turkey moved an occupation force into northern Cyprus in 1974 after six years of unsuccessful talks between Greek and Turkish Cypriots.

The spokesman said President Spyros Kyprianou cut short his holiday in the Greek islands and went to Athens late Monday to meet Prime Minister Andreas Papandreu and later planned to fly back to Cyprus for consultation with advisers and party leaders.

Arafat Sees Progress on Prisoner Swap

VIENNA (AP) — The PLO leader, Yasser Arafat, said in an interview broadcast Monday that there will be progress soon in efforts to swap six Israeli prisoners for most of the 5,000 Palestine Liberation Organization fighters captured by the Israelis in the war in Lebanon last year.

Negotiations on the exchange have been going on for months with the help of the former Austrian chancellor, Bruno Kreisky. In an interview with Austrian television broadcast Monday, Mr. Arafat said he had advised the Austrian government of his readiness to conduct "final negotiations" with the Israelis through the International Committee of the Red Cross.

The tense situation in Lebanon, the rift in Mr. Arafat's el-Fatah guerrilla group and his expulsion from Damascus on June 26 appear to have delayed progress in the bargaining.

For the Record

OFFUTT AIR FORCE BASE, Nebraska (Combined Dispatches) — Protesters doused themselves with blood and 208 persons were arrested at a demonstration Sunday at Strategic Air Command headquarters, one of dozens of rallies nationwide marking the 38th anniversary of the bombing of Hiroshima. In Nagasaki, Japan, thousands of anti-nuclear activists opened a two-day conference Monday calling for a ban on nuclear weapons. Nagasaki was also decimated by an atomic bomb in 1945.

BELFAST (AP) — Police officers fired plastic bullets to disperse Roman Catholic rioters attacking security force patrols early Monday in northern Belfast, the police said.

LONDON (AP) — Two shots were fired by a passing motorist Sunday at a "peace camp" of women protesters outside the U.S. cruise missile base at Greenham Common, but no one was hurt, the police reported.

BAD KREUZNACH, West Germany (UPI) — West German leftists took responsibility Monday for a bombing early Sunday that damaged a U.S. Air Force officers' club at Hahn Air Base near here, the public prosecutor's office said.

COMISO, Sicily (AP) — Police using tear gas and riot sticks clashed Monday with more than 1,000 rock-throwing protesters outside a planned cruise missile base. Fifty-six persons were injured, officials said, and 20 protesters were taken into custody.



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Far-Flung Arctic Peoples Take First Steps Toward Unity and Self-Determination

By Michael T. Kaufman
New York Times Service

FROBISHER BAY, Northwest Territories—As Bernadette Limmariotik tells it, the Inuits, or Eskimo peoples of the Far North, are at the same time quick to adapt and fatalistic.

"We have an Inuit expression, *ajumamat*, which means 'I can't be helped,' the young Canadian said. "You hear that a lot when somebody dies in an accident. Maybe it is time we stopped saying *ajumamat* about what happens in the Arctic."

It was a quiet declaration of cultural consciousness and resolve, one of several made last week at the Inuit Circumpolar Conference, the third such gathering in six years. Delegates came from Canada, Alaska and Greenland, with the Canadian government footing most of the bill.

Representatives would have journeyed from

Siberia but were prevented by Soviet officials, who said they feared the meeting would be political.

In a sense it was. Despite respective professions of national allegiance to Canada, the United States or Denmark, which holds Greenland

NEWS ANALYSIS

as a possession; despite assertions that they were not seeking to form a polar nation of their own; in the absence of exhortations to secession, the talk of the gathering was of "greater self-determination" with recurrent references to the Arctic region as the cherished "homeland."

The growing sense of a supranational Inuit identity in the face of geographic separation and disparate tribal customs was obvious. Delegates discussed establishing an Inuit university for

students from all parts of the Arctic, and continued work on a single alphabet to replace the many used to record Inuit dialects. Elders sat and shared legends and laws from their oral tradition.

Perhaps the most compelling force was a shared awareness that the world's 100,000 Inuits face common challenges and that those challenges emanate from the technological societies.

"In the last 30 years," said Hans-Pavia Rosing, a computer programmer trained in Denmark, "we have gone through some of the same changes that have taken many centuries in Europe. While in general we have adapted very well, the pressures on us have been very great."

Mr. Rosing, who was re-elected to another three-year term as conference president, noted that the Arctic's original inhabitants — now numbering 40,000 in Greenland, 30,000 in Alaska, 25,000 in Canada and the rest in Soviet

Siberia — had never been conquered. Rather, he said, they were "taken by surprise," and only recently.

For years, the Arctic people lived under the jurisdiction of four nations. In reality, until World War II they were the uncontested masters of their harsh environment, left alone by governments in more temperate climes.

With the war, however, came the need for army bases and weather stations. Foreigners moved in with new technologies, housing, modern medicine and the Inuits left their small, scattered hunting camps to live and work on the perimeters of base towns such as Frobisher Bay.

Then oil was found in the seabed under the ice. Suddenly, areas valued by natives for their richness in whale, seal and caribou were sought by southerners for their energy wealth.

"In a way, our history in the last 30 years has been quite colonial," said Miss Limmariotik.

"First we were ignored and then we came close to being overwhelmed." She said that she saw this year's meeting as an opportunity for Inuits to set their own agenda, their priorities and alternative development strategies.

Just what the stirrings of a newly assertive group identity could mean is unclear. No one can say, for example, whether 100,000 aboriginal people scattered over huge expanses can develop binding political institutions. There is an acknowledged need to respond to the new technologies, but no agreement on the proper response, nor certainty over the results in terms of preserving Arctic culture and life.

Will the high birth rate and decreased infant mortality rate upset the balance between the region's population and food supply?

If hunting can no longer sustain economic life, what economic models can work in a land so barren and so distant? If the traditional

hunting life style is further undermined, what will happen to Arctic society?

Finally, what can be the geopolitical fate of an aboriginal people, however adaptive, locked between two competitive, industrialized superpowers?

Franklyn Griffiths, a professor of Soviet studies at the University of Toronto, who came to the conference as an observer, said the gathering addressed many of the Inuits' concerns.

Mr. Griffiths said "a consensus has emerged" on whaling and sealing, with the Inuits wanting all hunting restrictions removed, "and on the need for more cultural exchanges," calling this a sign that "the delegates are gaining a measure of confidence."

For Mr. Rosing, movement on issues of common concern signaled "the very beginning of a process to make the people of the Arctic a sovereign people."

Study Finds Southern Women Voters A Growing Threat to Reagan in '84

By David S. Broder

WASHINGTON — Two prominent Republican campaign consultants are circulating a study of the increase in women's voting that shows a growing threat to President Ronald Reagan's 1984 re-election chances, particularly in the South.

The study is expected to heighten the political concerns that have made women's issues a matter of major attention at the White House.

Using Census Bureau surveys on voting turnout in the last four elections, Vincent Breglio and Susan Bryant have pinpointed five Southern states where the impact of women's voting has increased particularly since 1976. The states are North Carolina, Georgia, Kentucky, Alabama and Tennessee.

Other states where the influence of women at the polls has grown markedly are Virginia, Louisiana, Florida and Texas, the two consultants have found. Of these nine states, Mr. Reagan carried all but Georgia in 1980.

The growing impact of the women vote in the South, measured and detailed for the first time in the Breglio-Bryant computer analysis, adds to concerns that many Republicans have expressed about the potential for significant increases in black voter registration in that region. Women have persistently given Mr. Reagan lower approval ratings than men, and the president's support from blacks is minimal.

"You put the two together," Mrs. Bryant said, "and we have a serious problem."

That view is known to be shared, at least to some degree, at the White House. Edward J. Rollins, Mr. Reagan's top political assistant, was reported to have told Republican National Committee members in Dallas earlier this summer that the South would probably be severely split in 1984, rather than giving virtually all its electoral votes to Mr. Reagan as it did in 1980.

But Mr. Breglio and Mrs. Bryant also contend that the trend toward increasing turnouts of blacks and women could jeopardize Republican control of the Senate and make

reaches more difficult for the party's House candidates, not just in that region but throughout the country.

There are key Senate races, involving Republican-held seats, in North Carolina, Tennessee, Virginia and Texas, all of which appear high on the Breglio-Bryant list of affected states. Mississippi, which was not analyzed because of its small population, also has a vital Senate race and probably fits the same pattern, they said.

Outside of the South, Illinois, Iowa and Minnesota are other states where the growing impact of the women's vote could have serious consequences for the Republicans.

Mr. Breglio and Mrs. Bryant, who in 1982 headed the staff of the Republican Senatorial Campaign Committee, said the "gender gap" was of equal concern to GOP candidates in general as well as the president. Mrs. Bryant said that "of 15 seriously contested Senate races in 1982, only two of the Republican candidates ran as well among women as they did among men."

Those candidates were Senators Robert T. Stafford of Vermont and John C. Danforth of Missouri, and a late slump in support from women almost caused a Danforth defeat by a woman opponent, they said.

While the general phenomenon of increasing participation by women in the electorate had been identified by the Census Bureau and news organization polls, the Breglio-Bryant study is the first to spell out its electoral consequences by tracing the pattern to individual states.

Using unpublished data from the Census Bureau's biennial survey of voting participation, Mr. Breglio and Mrs. Bryant reported that:

• In all of the 25 most populous states, women cast more votes than men did in 1980; in 1982 the pattern was the same except in Louisiana, where men cast more votes than did women.

• In 15 of the 25 states, women had a higher impact on the voting in 1980 than in 1976, and in 17 of the 25 states, women had greater impact in 1982 than in 1978.

"There is every reason to think," Mr. Breglio said, "that this trend will continue in 1984."

The estimated impact in specific states is dramatic. In Florida, for example, where the presidential vote total increased by more than 400,000 between 1976 and 1980, the calculation is that 129,000 more women than 303,000 more men went to the polls. In Georgia, where the vote total jumped by more than half a million between 1978 and 1982, the Breglio-Bryant estimate is that 217,000 of the additional voters were men and 322,000 were women.

"The South," Mr. Breglio said, "is a different political animal today than it was even in 1980. And it is much tougher for us."

Jackson Panel Will Plan Push to the White House

By David Holley

LOS ANGELES — The Rev. Jesse L. Jackson has announced the formation of a national organization aimed at propelling him into a bid for the 1984 Democratic nomination for president.

Mayor Richard G. Hatcher of Gary, Indiana, was named chairman of the new Jackson Presidential Advisory Committee, designed to pull together the expertise, broad support and financial resources necessary for a campaign, Mr. Jackson said Sunday.

Mr. Jackson, 41, the founder and president of the Chicago-based Operation PUSH (People United to Save Humanity), said he is seeking to put together a coalition of "blacks, Hispanics, women, youth, peace activists, the handicapped, senior citizens."

"If these locked-out people come together and the expertise converge, and form a rainbow coalition, clearly it will be a majority coalition," he said.

"Reagan's policies have hurt a lot of people. The macho mentality has us on the wrong side of wars in Central America — supporting a repressive regime in El Salvador and on the wrong side of history in Nicaragua," Mr. Jackson said. "Unemployment is double-digit for whites and double-digit for blacks and Hispanics. Poverty is the highest it's been since 1965."

Mr. Jackson said he is planning a



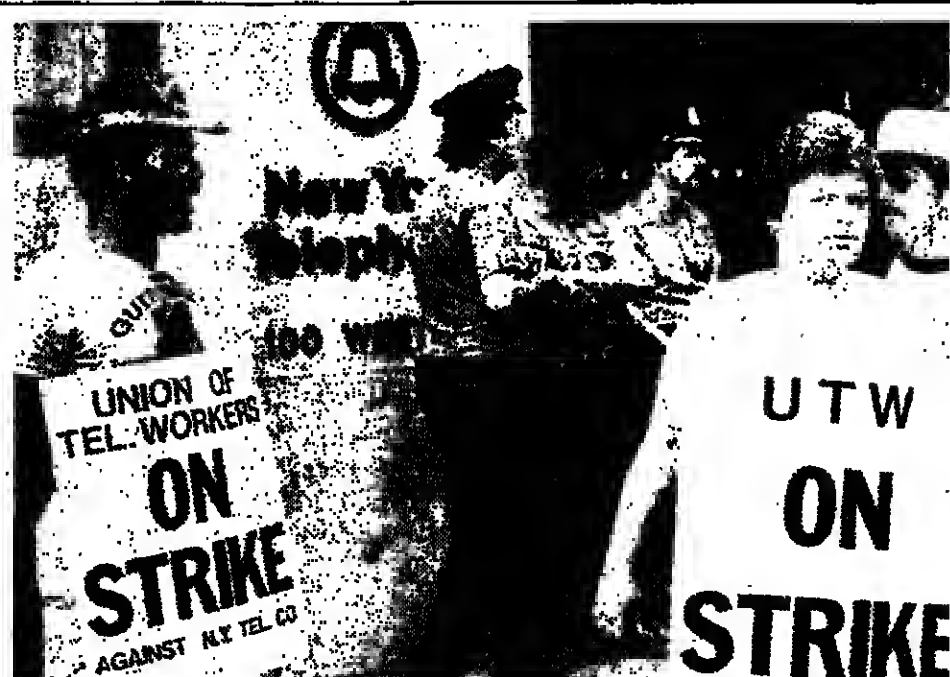
Jesse L. Jackson

European tour in early September, and called for a foreign policy based on "human rights, economic reciprocity and the real will to negotiate."

He also said a key purpose of his campaign, if he runs, would be to encourage black voter registration.

"There are 10 million registered black voters," he said. "Eighteen million are eligible. We are fast at work to add another 3 to 6 million to the rolls by November of 1984."

Mr. Jackson is expected to reveal his decision on seeking the presidency by early October.



Striking union members picket in front of New York Telephone's headquarters.

U.S. Phone Strike Reaching Critical Stage for Customers

The Associated Press

NEW YORK — A nationwide strike against American Telephone & Telegraph has affected only a few customers by early Monday, but the test of the strike was expected later as businesses opened, the Bell System companies warned.

The telephone workers, who called the strike when bargaining on a new contract broke down over wages and employment security, put up picket lines

throughout the United States on Sunday.

The strike caused delays in directory assistance, repair service, telephone installation and long-distance operator assistance. Dial calling was largely unaffected.

Management workers replaced some of the 675,000 operators and technicians, but management and officials of the three striking unions said that the problems may worsen if the strike continues a long time.

"We can't really stop the telephone system, which is so highly automated," said Glenn Watts, the president of the Communications Workers of America, "but you can't really say that when 700,000 people leave a business and walk away from it that it's going to operate as normal."

Demonstrations throughout the United States were generally peaceful. Police reported that a striking Southern Bell employee and his son were arrested for vandalizing a telephone box in Gainesville, Florida.

Illinois Altered Jobless Calculations For More Benefits During '82 Race

By Kenneth B. Noble

New York Times Service

WASHINGTON — In the midst of the 1982 Illinois governor's race, the incumbent administration changed its way of calculating unemployment statistics so that more than 50,000 unemployed workers kept receiving U.S. government benefits, according to U.S. Labor Department officials.

The statistics were filed with the Labor Department in August 1982, when unemployment was a major issue in the close race between Governor James R. Thompson Jr., a Republican, and former Senator Adlai E. Stevenson 3d, a Democrat.

Governor Thompson eventually won by 5,000 votes out of 3,670,000 cast.

The basic federal law provides benefits for the first 26 weeks of unemployment, but there are provisions permitting an additional 13 weeks of benefits to the long-term unemployed in states that meet certain criteria. The complex eligibility formula for extended benefits required Illinois to show that 5 percent or more of all workers covered by unemployment insurance were receiving its benefits.

Using the old method, an Illinois official said, the state fell below that 5 percent "trigger" point. The method of calculating the statistics for extended benefits was then changed, several days after Governor Thompson sought asked the U.S. secretary of labor, Raymond J. Donovan, for a week's delay in sending the data.

The Labor Department's inspector general, however, later questioned the accuracy of the data forwarded after the week's delay. A team of Labor Department auditors was sent to Illinois to inspect the statistics and determined that the method of calculation had been changed, according to Labor Department officials.

When investigators then recalculated the unemployment statistics using a method approved by the Labor Department's auditors, they determined nevertheless that Illi-

nois had not fallen below the federal requirements and should still be eligible for extended unemployment benefits. The results of this investigation were later forwarded to the Justice Department, which declined to carry it any further.

(Referring to a report in Sunday's Washington Post, Governor Thompson said: "The story implies something secret was going on, according to The Associated Press."

"There was nothing secret about it," the governor continued. "Everybody knew it was going on. I fought to stay on the program; to have done less would have been the scandal."

During the weekend, Arthur F. Quern, director of governmental services for Governor Thompson, described the conflict as a "battle over statistical methods."

"From our point of view," he said, "and I believe from the fed's, there was never a question that any statistics changed. We could change the methodology, and it was perfectly appropriate and proper under federal law."

"Through our interpretation of whom we were counting, we left out a group who, under the federal definition, could be counted," Mrs. Ward said.

There is no evidence, according to the Pentagon, that the civilians who have served the military in previous wars have "bugged out." Indeed, thousands of civilians worked alongside U.S. combat troops in Vietnam without any known incidents of desertion.

And while there is no reason to believe that the current corps of civilians are any less patriotic or professional than their predecessors, no one in the Pentagon can be certain how the civilians would react under the unprecedented dangers and tensions produced by a modern, high-intensity and perhaps nuclear war.

Although the Pentagon has been grappling with the problem, a coherent policy so far has eluded the best minds of industry and the military.

One fundamental difficulty is that while soldiers are subject to

the Uniform Code of Military Justice, which provides a range of court-martial-imposed sanctions, including the firing squad, to enforce discipline, civilians are not covered by military law. Pentagon lawyers doubt that they could legally conscript essential civilians even in wartime, an action that would bring civilians under military justice.

Despite this impediment, Pentagon officials realize that they cannot afford to give up on the search for a solution because the problem is growing more urgent as the civilian labor force in the military increases in size.

Its growth has been spurred by the increasing number of complex weapons systems on which the military depends but which it cannot easily operate or maintain. On one modern aircraft carrier, for instance, a group of admirals recently was agog at the wonders a civilian technician could perform with the ship's combat information computer — wonders nobody else on board could produce.

Adding to the problem is the fact that the military cannot keep the technicians it has trained. Even with recent pay increases, these uniformed technicians can get higher pay from private companies, which raid the military for technicians. Often, these ex-soldiers end up at their old jobs, but with higher pay and without having to salute anybody.

In polling civilian workers to find out what would persuade them to stay at their posts, defense officials found three main concerns:

• That in a crisis the civilians' families be evacuated along with other military families, not after them.

• That civilian employees be given protection against being shot as spies if their positions are overrun by the enemy.

• That they be given extra pay for hazardous duty and bonuses for staying on the job in combat.

The companies that provide the civilians recommended that along with picking up the tab for hazardous duty pay and combat bonuses, the Pentagon should pay for the civilians' insurance premiums for death and dismemberment.

In return, the executives suggested, employees going to work for the military would be "expected" to sign a statement recognizing the risks and promising to stay on the job.

But Department of Defense officials wonder whether such arrangements actually would hold a computer software technician at a forward post that comes under artillery fire or a nerve-gas attack. "If the guy still leaves, what are you going to do — lock him up?" Mr. Korb asked.

Poll Shows Reagan Gaining Support On Economy, Losing on Diplomacy

By Barry Sussman

WASHINGTON — President Ronald Reagan continues to make sharp gains in persuading the public that he has turned the nation's economy around, but concern is mounting over his conduct of foreign policy, according to a Washington Post-ABC News national opinion poll.

The contrast in public perceptions of these major aspects of the Reagan presidency is stunning. By and large, the president's ratings on the economy are the highest, or nearly the highest, since he took office. But with growing concern over possible entanglement in Central America and an apparent stalemate in the Middle East, Mr. Reagan is drawing lower ratings than ever in foreign affairs.

The result appears to be a stalemate of another kind. With the economy boosting his appeal but foreign policy working against him, Mr. Reagan shows no improvement in his overall approval rating, though he has picked up slightly in trial heats against the two leading Democratic contenders for the presidency in 1984.

The economic news in the poll is almost all favorable for the president:

• Half of those interviewed feel the nation's economy is improving, the sharpest expression of confidence on that point since Mr. Reagan took office.

• By 52 percent to 46 percent, respondents said they approve of Mr. Reagan's handling of the econ-

omy, the best rating he has had since October 1981 in a Post-ABC News poll.

• By 54 percent in 44 percent, the public grades Mr. Reagan positively for his handling of inflation, his highest rating since the Post-ABC News poll began asking that question last September.

Mr. Reagan's overall popularity rating might be expected to jump along with the growth in optimism over the economy.

However, Mr. Reagan's popularity rating has shown no improvement over recent polls. Today, 52 percent say they approve of his handling of the presidency and 44 percent disapprove. In June, 54 percent approved and 44 percent disapproved. In May, they were about the same.

The new poll strongly suggests that concern over the direction of foreign affairs is having a dampening effect on Mr. Reagan's popularity. Overall, 42 percent of those interviewed rate him favorably for his handling of foreign affairs and 49 percent unfavorably, his worst score in any of 17 surveys by the Post and ABC.

In tests against possible Democratic opponents in 1984, Mr. Reagan trails Senator John Glenn of Ohio by 50 percent to 43 percent among registered voters and is in a virtual tie with former Vice-President Walter F. Mondale, trailing by 48 percent to 47 percent.

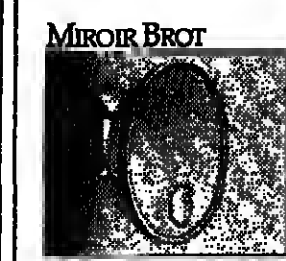
In the bidding for the Democratic nomination, the poll shows 42 percent of registered Democrats preferring Mr. Mondale and 27 percent picking Mr. Glenn, about the same as in the June poll.

The Rev. Jesse L. Jackson, the black activist who is considering seeking the Democratic nomination, draws 8 percent from registered Democrats, the same figure as in June.

The other announced Democratic candidates trail in this order: Senator Alan Cranston of California, 6 percent; former Governor Reubin Askew of Florida, 4 percent; Senator Gary Hart of Colorado, 3 percent; Senator Ernest F. Hollings of South Carolina, 1 percent.

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Herald Tribune

Published With The New York Times and The Washington Post

Whose Job in Chad?

Suddenly the Reagan administration is deep into the crisis in Chad, where insurgents backed by Libya, a radical Soviet client state, are pressing the government hard. Three U.S. military advisers are on the ground, the fleet is being shown off Libya's Mediterranean coast, AWACS surveillance planes are on the scene and some millions of dollars are on the way in various forms of military aid. It adds up to a conspicuous investment of American power and prestige in a country in which the United States has no traditional interests to speak of and which, we expect, very few Americans could find on a map. The intervention comes at a moment of intense debate over the Reagan administration's policies in Central America. It cannot help the president's position in that debate. It is more likely to hurt it.

What is the United States doing in Chad? The basis of the administration's response is the menace it continues to perceive in Libya's Colonel Qadhafi, who has put his oil money at the service of an extravagant ambition and a radical ideology. We do not underestimate Colonel Qadhafi. He has posed, and still poses, real dangers across a wide swath of African and Middle Eastern states. For years he has made trouble for and in Chad. His machinations led him repeatedly to be rejected by his fellow Africans when Libya's turn came to fill the presidency of the Organization of African

Unity. The Soviets have loaded him up with billions of dollars in weapons, confident that he can do a great deal of harm.

To accept that Colonel Qadhafi is a menace, however, is not to agree that the United States should be leading the fight against him. Chad is not familiar, let alone vital, American turf. For the patronage that most of the small African states still seek from the West, Chad looks first to France, the former colonial master, as Secretary of State George Shultz underscored on Sunday. The French do remain involved there. The trouble is that the Socialist government under President François Mitterrand has not entirely shed the posture of opposition to "neo-colonialism" that it acquired in its long years in the political wilderness. As a result, Paris has been slow to assume what many Africans accept as the traditional French responsibility in Chad. Sunday's statement by the French minister of defense, Charles Hernu, was a case study in hesitation. Libyan planes are reported to have been bombing targets in Chad, and Libyan troops have reportedly crossed the border. Chad cannot be faulted for seeking foreign help. But will the American response make it more or less likely for an active role to be taken by France and by those of Chad's neighbors with a more direct interest in the outcome?

—THE WASHINGTON POST.

Hatred in Sri Lanka

Sri Lankans are cleaning up the physical debris of last month's violence, but the political debris is not so easily cleared. One frightful week of communal clashes between the majority Sinhalese and minority Tamils left hundreds slaughtered, many more horribly. It was a stunning blow to what looked like one of South Asia's more successful societies.

The mayhem in Sri Lanka was not attributable to the pressures caused by a world economic slump. The free-enterprise policies of President Jayewardene reduced not only inflation but also unemployment. Having no facile economic explanation, the violence also has no obvious economic cure.

Communal rivalry is nothing new in Sri Lanka. Its 11 million Sinhalese came from northern India starting 2,500 years ago. The

1.5 million Tamils came from southern India starting 1,000 years ago. Many Sinhalese resent the Tamils for becoming an economic elite in the British colonial era. Many Tamils feel themselves the victims of discrimination since independence. Religious divisions reinforce the ethnic cleavage; most Sinhalese are Buddhist, most Tamils are Hindu. Political divisions follow these fault lines.

This outbreak, sparked by the terrorist killing of 13 Sinhalese soldiers, was the worst in years. It bared potent hatreds that even the adept Mr. Jayewardene cannot calm. Particularly disturbing is the news that troops killed a score of Tamil civilians. There is not much that outsiders can do except appreciate the fragility of the loveliest looking communities.

—THE NEW YORK TIMES.

Other Opinion

Election and Foreign Policy

Richard Nixon was the boss and his foreign policy in his first term was to get himself re-elected president. For that he knew he had to get the Americans out of Vietnam but he would also lose the election if, in getting out, he lost his own original hawkish political constituency. In order to hold onto that he had to distract attention from the substance of his Vietnam policy — the withdrawal of the troops — by the use of garish, noisy and ferocious side-shows: invasion of Laos and Cambodia, lots and lots of bombing.

But then the side-shows aroused intense protests, so endangering the vital middle-of-the-road vote. Mr. Nixon needed to appear in the role of a world statesman. Détente with the Soviet Union over SALT-1 and rapprochement with China, in the televised visit to Beijing, reduced the bloody mess in Indochina to a parochial level. Henry Kissinger was the brilliant, docile executor of a foreign policy designed to re-elect Nixon.

The first thing Dr. Kissinger will want to know about Central America is what the president wants to do — and to have said — about it. Then Dr. Kissinger will put the best gloss on whatever it is the president wants to go in; to stay out; to go in, while looking like staying out; to stay out, while looking like going in; to bomb Managua in order to stay out of El Salvador, or whatever. Democracy in Central America will have nothing much to do with what the president will decide, or how Dr. Kissinger will dress up what the president decides. But democracy in the United States will have everything to do with both these things. The Central America currently under discussion is Central America as an issue in next year's U.S. presidential election.

—Carmel Cruise O'Brien, in *The Observer* (London).

American Instructors in Chad

American military instructors have been sent to the former French colony of Chad for the first time. True, they are a small group and will soon be back home — as soon as the Chadians have been trained in the relatively easy use of the Redeye surface-to-air missiles that Washington has provided. And true, the United States is concerned — much more than France — not so much by the Chadian prob-

lem as by the penetrations in Africa of Colonel Qadhafi, America's *bête noire*. The fact remains that the sending of U.S. military instructors to Chad means that Paris cannot or does not wish to commit itself to assuring the security of a former colony. That puts at risk the credibility of the French umbrella over France's African allies.

—Le Monde (Paris).

Chad threatens to become the focus of yet another confrontation between the superpowers. Soviet support for the Goukouni faction has so far been confined to the verbal, but it has been clearly stated.

—The Guardian (London).

America's decision to supply the deadly Redeye anti-aircraft missile to Chad has raised fears that the weapon could fall into the hands of Libya and perhaps be passed on to terrorist groups. The IRA, the Baader-Meinhof gang, the Libyan government and various Arab groups have all shown strong interest in the Redeye and many have attempted to buy it.

—Peter Durich in *The Observer* (London).

And So It Goes in Show Biz

We sympathize with Christine Craft, the anchorwoman who's suing the Kansas City television station that fired her. It's depressing to be labeled "too old" at 36, insulting to be pegged "too unattractive," calling to be called "not deferential enough to men." But she surely must realize that style and appearance are far, far more important than journalistic ability in the glamorous world of TV newsreading. She should have gotten the first clue when, as part of her troy, she was asked to read Edgar Allan Poe's poem, "The Raven," three different ways: angry, happy and sincere.

TV executives have decided the public wants its news from pretty boys and kewpie dolls, and they pay huge salaries to the ones with just the right looks and voices. But the fame and fortune can vanish with maturity. Women are discarded first, but men go, too; just ask Floyd Kalber or Roger Mudd. It's dumb, but it's the way it is.

Craft played the show biz game when it suited her, and now she should realize, as aging Rockettes do, that her time is up. She'd do better in a more serious profession.

—The Chicago Sun-Times.

FROM OUR AUG. 9 PAGES, 75 AND 50 YEARS AGO

1908: Wright Settles Any Doubt

HAVANA, France — With thousands of troops in possession of Havana and machine-guns guarding the presidential palace and all government buildings, President Gerardo Machado resumed his dictatorship of Cuba in what is regarded as a desperate last stand against the rising tide of revolution in the island republic. The whole of Cuba has been under extreme tension since troops opened fire from the presidential palace on demonstrators, killing 26 persons and wounding 126 others. The shooting, which presaged the declaration of martial law, has brought to a standstill the negotiations which leaders of the various political parties had been conducting with U.S. Ambassador Sumner Welles, whereby it was expected President Machado would resign.

1933: Cuban President Stays Put

HAVANA, France — With thousands of troops in possession of Havana and machine-guns guarding the presidential palace and all government buildings, President Gerardo Machado resumed his dictatorship of Cuba in what is regarded as a desperate last stand against the rising tide of revolution in the island republic. The whole of Cuba has been under extreme tension since troops opened fire from the presidential palace on demonstrators, killing 26 persons and wounding 126 others. The shooting, which presaged the declaration of martial law, has brought to a standstill the negotiations which leaders of the various political parties had been conducting with U.S. Ambassador Sumner Welles, whereby it was expected President Machado would resign.

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Arms Agreements Require Flexibility on Both Sides

By Willy Brandt

Former Chancellor Brandt is chairman of West Germany's Social Democratic Party.

BONN — American friends have asked me if the growing skepticism about the deployment of new missiles also signifies an increasing gap between Germany and America. I believe the answer is no.

In a recent poll, 90 percent of our population supported NATO and our alliance with the United States. But at the same time 65 percent opposed the new missiles. Thus these positions are not mutually exclusive.

It would be wrong, and a political mistake, if people in the United States took the European anti-missiles attitude for anti-Americanism, or if the two were confused.

I sincerely ask Americans to appreciate the difference between the threat to them and to us. The United States faces the potential risk of destruction by intercontinental missiles with nuclear warheads, but our small Europe faces the additional risks of a so-called conventional war, of a "second" nuclear war and of destruction by medium-range missiles.

I presume that a nuclear war could not be controlled or limited. But who could rule out that an attempt to control it would be made if nuclear war broke out? This would be understandable. However, we in Europe would not live to see the results, for the decision would come only after we had been blasted away.

That is why we in Europe believe that these threatening potentials — the long-range missiles that threaten Americans and the medium-range missiles that threaten us — have to be seen as one single danger. Both must be limited and reduced to an approximate balance. This means linking the START negotiations on intercontinental missiles with the negotiations on the medium-range force. This proposition was, of course, included in the freeze resolution adopted by a majority of the U.S. House of Representatives.

I fail to see how negotiations could become easier or less complicated once the stationing of new missiles has begun. All our experience suggests that the opposite will be true. It is easier to avoid the deployment of missiles than to get them removed once they are installed. This is also the right and important key to efforts to stop the nuclear arms race.

Most of us in the Federal Republic acknowledge the support that the United States has given to our security. We remember our joint experience in Berlin — how the threatened city's freedom was defended and how the lesson had to be learned that merely

invoking legal rights would not improve the lot of our people in divided Germany.

My Social Democratic Party has supported the alliance with the West and has helped to shape its policy. Under Social Democratic chancellors and defense ministers from 1969 to 1982, the Bundeswehr increased its contribution to Western security.

The Western democracies will remain partners in security, and we will remain partners in the Atlantic alliance. For the foreseeable future I cannot discern any change in this respect, although as a European I must wish for greater European responsibility for decisions affecting our own fate.

This readiness for European co-responsibility should not, however, be confused with a desire for European "neutrality," the specter

of which has recently again been haunting the world like a kind of German ghost.

Nevertheless, we have seen growing concern in our country not only about the arms race in general and Soviet subversion in particular but also about some aspects of U.S. policy. The talk about the possibility of fighting and winning a limited nuclear war in Europe did not start in Germany, and related publicized plans were not developed here.

It is no exaggeration to say that the German peace movement has grown strong since officials in Washington began expressing views the way they still do today.

A war in Europe would not only mean the end of the Federal Republic of Germany but would also finish off the other German state, the German Democratic Republic. And the same would be the fate of our neighbors to the east and west. Although our eastern neighbors belong to the other alliance, and although they have a governmental and social system that we reject, we can only survive together with them. That is why we cannot afford the luxury of unilateralism.

This is the background of our burning

uncertainty. Nobody should be surprised that when the political process proves incapable of solving the problem, increasing numbers of people resort to protest and search for very different, fundamentally distinct solutions.

In respect to the negotiations in Geneva, one cannot overlook the fact that France and Britain also have strategic nuclear weapons. While the British weapons are integrated into NATO, the French ones are under national control. Both would be in a position to strike the other side — at least the central European regions. I believe it is understandable for the Soviet Union to want to negotiate about these weapons as well as those of the United States.

For, in case of a conflict, it certainly isn't likely that those weapons of the French and the British would be used against the West.

To me it still seems reasonable — now more than ever — for the United States and the Soviet Union to agree on balancing an arsenal of medium-range missiles; at best at zero on either side, but in any case at a level sufficiently low as to rule out any new chain reaction in the number of Soviet SS-20s.

The Soviet Union has indicated its readi-

ness to take this step, and one must take Moscow at its word. Flexibility is certainly required on both sides. There will be no agreement unless the participants will work out it. I still hope the participants will work out it. I still hope the participants will work out it. I still hope the participants will work out it.

I also want my American friends to realize that NATO's "twin-track" decision of 1979 (calling for negotiations along with preparations for deployment) was made in political circumstances different from today's. At the time, the German Social Democrats intended to facilitate the ratification of SALT-2. Thereafter the problem of European strategic missiles was to be discussed under SALT-3.

NATO's decision, made in Brussels, also was to support détente and arms control. However, since 1980 an impressive number of decisions on weapons programs have been made, not least in the United States. Thus many things have changed in these years.

Besides, there never was nor is anything sacred about the NATO twin-track decision. It was to be a means to achieve an end, namely, the removal of SS-20s down to a level compatible with Western security.

I believe we Germans and Americans agree that we shouldn't let ourselves be ruled by bureaucratic pressures, or put prestige ahead of results. If the real objectives of arms control and disarmament can now be reached by means other than those envisaged two to four years ago, we should make the effort. The community of Western nations would suffer major damage if governments stuck to a formal schedule and thereby lost the broad support of their people for their security policy.

For this reason, as well, a serious and honest effort is required in the months ahead. As President Eisenhower said in his farewell address in 1961, "the [conference] table, though scarred by many past frustrations, cannot be abandoned for the certain agony of the battlefield. Disarmament, with mutual honor and confidence, is a continuing imperative. Together we must learn how to compose differences not with arms but with intellect and decent purpose."

The Washington Post.

To me it still seems reasonable — now more than ever — for the United States and the Soviet Union to agree on balancing an arsenal of medium-range missiles.

Amateur Foreign Policy

By Stanley Karnow

WASHINGTON — It happened in the Nixon and Carter administrations, and it is happening again under Ronald Reagan. The secretary of state is being reduced to a cipher. President Nixon's national security adviser, Henry Kissinger, was certainly better at foreign affairs than Secretary of State William Rogers. Cyrus Vance was wise and sensitive, but he was stifled by Jimmy Carter's chief aide, Zbigniew Brzezinski.

In the present case, Secretary of State George Shultz has proved to be a disappointment, and he is being overshadowed by White House insiders who are even more incompetent. Aggravating the situation is the fact that President Reagan has little or no taste for the intricacies of the international arena, but seems to be easily influenced by his entourage.

Small wonder that there is a spastic quality to the conduct of foreign policy. On a wide range of issues, from arms talks with Moscow and relations with Beijing to the Middle East imbroglio and the Central American crisis, the Reagan administration presents a picture of incompetence.

The president is supposedly responsible for foreign policy, with his national security adviser acting as a traffic manager, assembling recommendations from the state, defense, commerce and treasury departments, the CIA and other bureaus. In theory, the Senate reserves the right to ratify his decisions.

Practice has not conformed to the theory. Strong presidents, like Richard Nixon and John Kennedy, have tended to run foreign affairs out of the Oval Office. In contrast, Harry Truman relied heavily on Secretary of State Dean Acheson, and Dwight Eisenhower on John Foster Dulles.

Wherever they fix the focus of power, presidents have generally sought to draw on expertise, which the Washington establishment has in abundance. Under Mr. Reagan, inexperienced amateurs have taken over. Consider the life-and-death subject of reaching accommodation with the Soviet Union on the limitation of nuclear weapons. Various factions of different ideological hues have been wrangling over the subject, which is normal and healthy procedure.

But the issue has now been shifted out of the State Department, where it was being debated by representatives from assorted groups, and put under Mr. Reagan's national security adviser, William Clark, whose views tend to be tough. So the pragmatists are unlikely to get a fair hearing.

In the Middle East, where Philip Habib, a veteran diplomat with persuasive skills, had a crucial assignment, Mr. Habib has been dumped in favor of Robert McFarlane, a Clark deputy unfamiliar with the area. Mr. Habib's dismissal was partly a blow directed against Mr. Shultz, who is being blamed for his failure to draw the Syrians into matching the Israeli pullback from Lebanon during his recent Middle East trip.

Mr. Shultz was also rebuffed when he tried to appoint President Ford's defense secretary, Donald Rumsfeld, as Mr. Habib's replacement.

Mr. Shultz has also been spurned on Central America. His assistant secretary for the region, Tom Enders, was dropped because White House hard-liners suspected him of being too conciliatory toward the leftists. Mr. Enders was a superb hawk who served as ambassador to Cambodia. The key figures shaping Central



The great thing about this place is you don't get many questions about the Carter papers.

America policy are Mr. Clark and Jeane Kirkpatrick, the ambassador to the United Nations, who has long held that military might is the only answer to the problems of the region.

Worse yet for Mr. Shultz was Mr. Reagan's decision to place Henry Kissinger at the head of a 12-member commission to propose strategy for Central America. That amounts to a virtual vote of no confidence in Mr. Shultz and the State Department.

It suggests that Mr. Kissinger has earned redemption from Mr. Reagan, who once rejected him as the architect of détente. Thus Mr. Kissinger has entered the wings, perhaps to supplant Mr. Shultz.

All this is the president's prerogative, but it occurred because Mr. Shultz was unable to assert himself. The corridors of power are a renorse-

less place for the weak and the timid.

When he took office a year ago Mr. Shultz was hailed as a vast improvement over his predecessor, Alexander Haig, who was driven by ambition. In terms of knowledge, however, they are beyond comparison.

Mr. Haig had worked with Mr. Kissinger and had commanded NATO forces in Europe. He was familiar with the world. Mr. Shultz's main speciality is global economics, derived from his past in business.

Problems overseas are piling up. The prospects in the Middle East are bleak. Central America is in ferment and slim progress can be reported in U.S.-Soviet relations. The president cannot afford to let foreign policy slide, yet it is drifting, almost rudderless under his novice staff.

Tribune and Register Syndicate.

A 'World Safe for Diversity'

MINNEAPOLIS — No conflict or negotiation is merely two-sided. In one week at the State Department I counted the active sides of every issue that came across my desk. The average number was 5.3. If you don't get all the "sides" involved in the solution, they become part of the problem.

Force by itself is not power. In international politics, energy, money, trade, culture, data flows and democratic values are all relevant forms of power. Creep up carefully on the use of force. Violence is easy to escalate, hard to de-escalate. It should never be used just to provide a release for the user's frustration. (A veteran Japanese diplomat once gave me some good advice: "Never get angry except on purpose.")

Problems and their solutions are multilateral. The U.S. response in Korea looked good and worked tolerably well because it was folded into a United Nations operation. The U.S. response in Vietnam goes down in history as a unilateral failure, even though the United States had more foreign troops associated with it in Vietnam than in Korea.

U.S. standards are not the world's standards. A viable purpose for American foreign policy is "to make the world safe for diversity." — in the words of John F. Kennedy, sometimes forgotten in the actions of his successors.

Harlan Cleveland, a former U.S. assistant secretary of state and ambassador to NATO and now director of the University of Minnesota's Institute of Public Affairs, writing in *The New York Times*.

A Modest, Simple Use of Power

WASHINGTON — The trouble with Henry Kissinger is that he's a swashbuckler. That is the trouble with his foreign policy, too. And if that will be his foreign policy in Central America, we are all in trouble.

Thirty years ago foreign policy was an almost anonymous thing. We knew who George C. Marshall and Dean Acheson were, and we knew that they had policies and pursued them. But we also knew, and they knew, that they worked for a president, were part of a government and were supposed, first of all, to leave things undone that ought to be left undone.

What is needed in Central America is not a conjuring of global forces in the service of personal honor. The region is a theater of East-West conflict, but only in a limited sense. The need there, as in United States foreign policy in some other regions of the world, is a modest, even simple use of sense and power, whose aim is to reduce conflict if it does exist, promote American values when such promotion is possible and keep the zones of confrontation as limited, discrete and decentralized as possible.

— Walter Reich, a fellow at the Kennan Institute for Advanced Russian Studies in Washington, writing in *The Los Angeles Times*.

Geopolitics as a Morality Play

LOS ANGELES — Candidate Reagan dismissed the interests of Panamanians, Cubans and Sandinistas as nothing more than a manifestation of Soviet subversion of the Western Hemisphere. President Reagan now conducts an aggressive policy in Central America as a morality play in which the role of Good is played by the Americans and the role of Evil by the Soviets, while other nations and movements are cast as bit players.

Ronald Reagan is a true believer, obsessed with a view of what all the world, dogmatic about how to set it right and supremely proud of his virtue in taking on this historic task. This is the great weakness and strength of his presidency and its significance has been too frequently discounted by much of the Washington press corps, which continues to treat Mr. Reagan as if he were a traditionally pragmatic American politician.

To his credit, Mr. Reagan has been refreshingly honest in exposing the ideology that lies behind all this. As president, he has continued his nearly 40-year-old incantation of earnestly felt and candidly stated views about the global menace of Soviet communism as the source of all evil.

— Robert Scheer, national correspondent for the *Los Angeles Times*.

LETTERS TO THE EDITOR

Central America Policy

Regarding "U.S. Pressure Will Only Strengthen Latin Resolve" (HT, Aug. 3) by Carlos Fuentes:

We read a lot these days about a "Reagan doctrine" for Central America — or, in Mr. Fuentes's words, "Washington's version of the Brezhnev doctrine: that no Central American country can ever leave the U.S. sphere of influence."

I would like to challenge that view. President Reagan's efforts are not so much designed to keep Nicaragua "within the United States' sphere of influence" as to prevent it from subverting the fragile march toward democracy in El Salvador.

Criticism of the U.S. government is all the more paradoxical at present because, undoubtedly, never has a U.S. government been so concerned about social and economic justice in the area — hence the Caribbean Basin initiative and support for the land reform program in El Salvador.

I think the United States thoroughly understands that the root causes of Central America's troubles are poverty and lack of justice, and that Marxist uprisings are a result of that. However, such problems take years to

resolve, and the solutions cannot be forced upon governments or individuals. Washington isn't Moscow, and San Salvador isn't Warsaw.

The fact of the matter is that Central America faces short-term military problems, including guerrilla warfare supported by external powers. The ultimate solution must be political, but it seems that the short-term problems cannot be solved by talking or by land reforms alone.

Whether the sending of a naval task force is useful is another debate. Only time will tell.

PHILIPPE COSYN,
Brussels, Belgium.

Determined to wreck U.S. influence in Central America to the benefit of the Soviets and the Cubans, domestic opponents of U.S. military maneuvers would have the United

States come to the negotiating table pleading for concessions. If we can't use our professional armed forces at times like this, what are we paying them for?

Germany and Europe

Europe's survival will hinge ultimately on the direction in which Germany moves. The fact that Europe has failed to achieve the ultimate objective of unification, despite NATO and the European Community, leaves no alternative but to go back to the basic principle that Germany is the vital heart of Europe.

Drang nach Osten, the German trade and economic policy that sought to penetrate Eastern Europe and the Middle East, might turn out to have more significance in 1990 than it did in 1980.

RALPH E. SCHELLING,
Medan, Indonesia.

Governor Pinchot

Regarding "Marital Law in Pennsylvania" (50 Years Ago, July 30), my granduncle was indeed Governor of Pennsylvania in 1933, but his name was Gifford Pinchot, not Pinchoth.

The family had come from Gascony in France, an officer in Napoleon's Imperial Army emigrating to the United States after Waterloo.

R.F. DIETRICH JR.,
Paris.

Letters intended for publication

should be addressed to the editor and contain the writer's signature, name and address. Brief letters receive priority, and letters may be abridged. We cannot acknowledge all letters, but we value the views of the readers who submit them.

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ARTS / LEISURE

Salzburg: Mozart Plugs, Pavarotti Fever

By Martin Bernheimer

Los Angeles Times Service

SALZBURG — Salzburg seems to have everything: distant alpine vistas, noble architectural testaments to the time when the archbishops ruled here as princes of the Holy Roman Empire, charming bridges, all manner of Baroque treasures, an 11th-century fortress of unique rugged splendor, and, oh yes, Mozart.

Salzburg's favorite son is commemorated here not just with a definitive — and would-be or should-be definitive — performance at Europe's most chic music festival, but also with all manner of commercial ventures.

The city fathers have pointed, with tourist-oriented pride, to every stone and brook the composer ever touched. Furthermore, there are Mozartkugeln (dreamy C-major candies comprising chocolate, nougat and marzipan), Mozart express trains, Mozart buses and Mozart portraits in every shop window. Mozart monuments (even one devoted to his feline bird catcher, Papageno) and, wonder of wonders, a Mozartkino. The current bill at what should be the most lyrical of movie houses is James Bond in "Im Soldat Majestät."

The end of the record-breaking heat wave is bathing Mozart and Mozarteans alike in another local specialty: cool, sweet, uncoding rain.

Some of the musical spirits, alas, have apparently not escaped dampening. At the massive Festspielhaus, the Vienna Philharmonic played Bruckner's Eighth Symphony for Lorin Maazel. Tickets cost as much as \$60, which caused some grumbling because the rambling 1½-hour opus was the only item on the agenda. No famous soloist. No intermission for conspicuous strolling and consuming.



Singer Pavarotti (left), director Ponnelle in Salzburg.

The performance does not turn out to be the sort one cherishes forever. Maazel, the current boss at the Vienna State Opera and a highly controversial one, shows much technical virtuosity on the podium, stresses speed and bombast whenever possible, but chops the music into small pieces and keeps the temperature low. The orchestra responds decently, but certainly without the brilliance for which it is universally celebrated. The horns have a bad night. The audience cheers anyway. After all, this is Salzburg. It has to be good.

The scene is more encouraging next door at the amphitheater of the Felsenreitschule, where Salzburg is blissfully suffering Pavarotti fever.

The vehicle is Mozart's seldom-heard opera *Le Nozze di Figaro*, presented here in a thoughtful adaptation of the Jean-Pierre Ponnelle production already admired

in San Francisco and New York. The massive unit set on the open stage — a stage nested up to arched adorning the side of a mountain — is dominated by a huge sculptured mask of Neptune. His mouth functions as a door. His eyes open, for a predictable coup de théâtre, when the god becomes a *deus ex machina*.

Ponnelle has heightened the stylization of the action for all concerned, marched away from realism toward abstraction, boldly fused Baroque convention with mythological invention. Moreover, he has done all this without violating either the letter or the spirit of the musical law. The staging is festive class.

So, fortunately, is much of the singing and acting. Lucia Popp excels in the limpid cantilena of Figaro. Trudolf Schmitt finds just the right balance between passion and restraint as Idamante. Elizabeth

Connell brings such vocal and dramatic intensity to the mad-witch postures of Elettra that she testifies between bravura and caricature, but manages to make a virtue of the Gracian princess's vice.

The smaller roles prove less successful. Luciano Pavarotti's semi-heroic tenor now sounds dry and throaty in the left convolutions of Arbace, and neoplatonism raises its pretty head in the form of Madelyn Renee, Pavarotti's ubiquitous protégée, who turns up here as a Cretan woman. Timothy Jenkins's imposing, incipient Heldenstern does not quite sound right for the plaudits of the high priest.

In the final analysis, one of these matters, for all eyes are on Pavarotti, whose only previous appearance here typified him in the cameo of the Italian tenor in "Rosenkavalier." No one expected Luciano Pavarotti, who is fondly called by the locals, to emerge as a refined and stylish Mozart tenor in the tradition of Demetrio, Patzak, Wunderlich, Scheller, Hollweg, but no one really expected the serious, tasteful and disciplined performance delivered by the Italian superstar either.

Pavarotti may have simplified the coloratura in his great arias a bit, but that was his only concession. He enacted Ponnelle's quasi-balletic maneuvers with dignity, sustained dramatic tension, proved that he can be a team player under the right conditions and sang with freshness, power and point. But he was not — could not be — the sort of performance that brings down the house. But, perhaps more important, it inspired respect and admiration. In the pit, James Levine — who is flirting with exhaustion if not danger by commuting nonstop between Bayreuth and Salzburg — conducted with languid eloquence, savoring clarity and lyricism over theatrical propulsion.

How-to Cassettes Invading Video Market in U.S.

By Judy Klermesrud

New York Times Service

NEW YORK — Some people call them how-to cassettes or "life-style" videos. Others call them "workout" tapes. Whatever name, dozens of self-help tapes are invading the video-cassette market in the United States, making it possible for people to exercise or learn more about their hobbies in the privacy of their own homes.

People who own video-cassette recorders can learn the fundamentals of photography, magic, Chinese cooking, tennis, golf, crocheting, billiards, ballroom dancing, dog training, blackjacks, craps, roulette, massage, weight lifting, plumbing, car repair, Spanish, Italian, German, wine, first aid, bridge, speed reading and how to grow roses, dahlias, irises and African violets.

Many of these cassettes feature experts such as Vic Braden, Arthur Murray, Willie Mosconi, Graham Kerr and Suzy Prudden. The cassettes generally cost \$40 to \$60 in the United States and are 60 to 90 minutes long. There are also half-hour tapes for about \$30.

"We get a new tape on some new subject almost every day," said Joe Burns, manager of a video store in Manhattan. "This is a field that is growing very rapidly and everybody wants in on it. The other day I even had a dentist come in who asked me what I thought about the idea for a tape on how to take care of your teeth."

Burns, like most people in the video-cassette industry, credits Jane Fonda's "Workout" exercise tape with sparking public interest in self-help tapes. The all-time best-selling video cassette, "Workout," has sold almost 200,000 tapes, putting it ahead of its two major competitors, both films: "Star Trek II: The Wrath of Khan" and "An Officer and a Gentleman."

Barbara Teague, 32, a graphic designer from Manhattan, said she had enjoyed the "Workout" tape so much that she had recently added three other exercise tapes to her home video collection. "They're so convenient. I used to go to a health club three times a week, but it got to be such a fashion show, with all the women wearing elaborate makeup and dressing in fancy exercise clothes. I spent more time getting ready than I did in the club. Now I exercise in the privacy of my home, in my underwear, and I don't care how I look."

By the end of 1983, it is estimated, there will be seven million video-cassette recorders — which are necessary to play the cassettes — in about 10 percent of U.S. homes, according to industry figures. Robert M. Reed, executive vice president of the National Video Clearing House in Syosset, New York, said self-help tapes account for 5 to 7 percent of the sales in the video-cassette market.

"But it's a field that should grow very rapidly," he added. "The home video companies have just about run out of feature films to put on cassettes, and with Hollywood only producing about 200 films a year, there will be a very limited supply of films for home video."

Another reason the cassettes may zoom in popularity, he said, is that a growing number of people with a wide variety of interests are buying VCRs. "The initial purchasers of the machines were the high-tech hobbyists, what we call the Playboys, but now the demographics are broadening and people with other interests will start to look for cassettes about their special interests."

The man generally acknowledged as the king of the tip tapes is Stuart Karl, 30, president of Karl Video in Newport Beach, California. He went into what he calls "alternative programming" in 1978.

"Everyone else was doing movies and X-rated films, so I thought this was the perfect opportunity for the small guy."

His biggest coup came in 1982, when, after befriending Fonda's husband, Tom Hayden ("I told him we had the same political beliefs"), he persuaded Fonda to do her "Workout" tape for Karl Video. He added that, based on initial orders, he expects his company's new exercise cassette, "Every Day With Richard Simmons: Family Fitness," featuring the popular television health and fitness personality, to sell just as well as the Fonda cassette.

"Jane's harder and Richard's takes a lighter approach," he said of the two cassettes. "They appeal to different groups of people."

Karl said that later this month his company would release a cassette called "Why Do I Call You Sexy?" featuring the Hollywood hair stylist Jose Eber. It will show Eber creating new looks for 12 women of different ages as well as offering hair-styling and makeup hints.

"I figured that now that women had exercised with Jane and Richard, the logical next step was their hair and makeup," Karl said. "I thought, well, their bodies look great, but what if their hair needs a trim? This way they can play with their hair and makeup in their homes."

Karl said these tapes were also in the works: "Jane Fonda II: Pregnancy, Birth and Recovery," to be released about Sept. 30; "How to Use Your Home Computer," with Steve Allen, due in October, and a sex how-to cassette, starring a best-selling female writer ("I can't reveal her name yet," Karl said), due in December. Next year, he said, two more Jane Fonda exercise tapes will be released — "Prime Time" for older women and "Workout Challenge" for those who want to try more difficult exercises.

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German

COMPANY EARNINGS

Revenue and profits, in millions, are in local currencies unless otherwise indicated

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COMPANY EARNINGS

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Canada

Dominion

| | 2d Quarter, 1992 | 1992 | 1991 | 2d Quarter, 1992 | 1992 | 1991 |
|------------|------------------|-------|-------|------------------|------|------|
| Revenue | 202.7 | 204.7 | 204.7 | Revenue | 75.4 | 75.4 |
| Net Inc. | 7.4 | 2.1 | 2.1 | Net Inc. | 48.1 | 57.6 |
| Per Share | 0.40 | 0.10 | 0.10 | Per Share | 48.1 | 57.6 |
| Over Share | — | — | — | Over Share | — | — |
| 1st Half | 340.2 | 342.1 | 342.1 | 1st Half | 90.2 | 90.2 |
| Net Inc. | 12.0 | 3.3 | 3.3 | Net Inc. | 90.2 | 90.2 |
| Over Net | 6.2 | 1.7 | 1.7 | Over Net | 6.2 | 6.7 |

United States

Loews

| | 2d Quarter, 1992 | 1992 | 1991 | 2d Quarter, 1992 | 1992 | 1991 |
|------------|------------------|-------|-------|------------------|-------|-------|
| Revenue | 62.4 | 62.2 | 62.2 | Revenue | 21.6 | 21.6 |
| Net Inc. | 27.6 | 36.8 | 36.8 | Net Inc. | 10.1 | 10.1 |
| Per Share | 1.80 | 2.40 | 2.40 | Per Share | 1.80 | 2.40 |
| Over Share | — | — | — | Over Share | — | — |
| 1st Half | 270.0 | 240.0 | 240.0 | 1st Half | 70.0 | 70.0 |
| Net Inc. | 120.0 | 95.0 | 95.0 | Net Inc. | 120.0 | 120.0 |
| Over Net | 12.0 | 7.0 | 7.0 | Over Net | 12.0 | 12.0 |

MCA

| | 2d Quarter, 1992 | 1992 | 1991 | 2d Quarter, 1992 | 1992 | 1991 |
|------------|------------------|-------|-------|------------------|-------|-------|
| Revenue | 351.4 | 352.8 | 352.8 | Revenue | 125.0 | 125.0 |
| Net Inc. | 27.6 | 36.8 | 36.8 | Net Inc. | 10.1 | 10.1 |
| Per Share | 1.80 | 2.40 | 2.40 | Per Share | 1.80 | 2.40 |
| Over Share | — | — | — | Over Share | — | — |
| 1st Half | 743.7 | 635.0 | 635.0 | 1st Half | 210.0 | 210.0 |
| Net Inc. | 74.7 | 63.5 | 63.5 | Net Inc. | 74.7 | 74.7 |
| Over Net | 12.0 | 7.0 | 7.0 | Over Net | 12.0 | 12.0 |

Pacific Power Light

| | 2d Quarter, 1992 | 1992 | 1991 | 2d Quarter, 1992 | 1992 | 1991 |
|------------|------------------|-------|-------|------------------|--------|--------|
| Revenue | 275.3 | 314.1 | 314.1 | Revenue | 76.0 | 76.0 |
| Net Inc. | (61.4) | 5.1 | 5.1 | Net Inc. | (61.4) | (61.4) |
| Per Share | — | 0.31 | 0.31 | Per Share | — | — |
| Over Share | — | — | — | Over Share | — | — |
| 1st Half | — | — | — | 1st Half | — | — |
| Net Inc. | — | — | — | Net Inc. | — | — |
| Over Net | — | — | — | Over Net | — | — |

Washington Nat'l

| | 2d Quarter, 1992 | 1992 | 1991 | 2d Quarter, 1992 | 1992 | 1991 |
|------------|------------------|-------|-------|------------------|------|------|
| Revenue | 182.5 | 182.5 | 182.5 | Revenue | 63.7 | 63.7 |
| Net Inc. | 0.7 | 0.7 | 0.7 | Net Inc. | 0.7 | 0.7 |
| Per Share | 1.24 | 1.24 | 1.24 | Per Share | 1.24 | 1.24 |
| Over Share | — | — | — | Over Share | — | — |
| 1st Half | — | — | — | 1st Half | — | — |
| Net Inc. | — | — | — | Net Inc. | — | — |
| Over Net | — | — | — | Over Net | — | — |

Williams

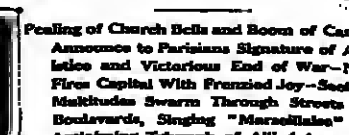
| | 2d Quarter, 1992 | 1992 | 1991 | 2d Quarter, 1992 | 1992 | 1991 |
|------------|------------------|-------|-------|------------------|-------|-------|
| Revenue | 762.0 | 762.0 | 762.0 | Revenue | 262.0 | 262.0 |
| Net Inc. | 11.1 | 11.1 | 11.1 | Net Inc. | 11.1 | 11.1 |
| Per Share | 0.3 | 0.3 | 0.3 | Per Share | 0.3 | 0.3 |
| Over Share | — | — | — | Over Share | — | — |
| 1st Half | — | — | — | 1st Half | — | — |
| Net Inc. | — | — | — | Net Inc. | — | — |
| Over Net | — | — | — | Over Net | — | — |

12 Months

| | 1992 | 1991 | 1990 | 1989 | 1988 | 1987 | 1986 | 1985 | 1984 | 1983 | 1982 | 1981 | 1980 | 1979 | 1978 | 1977 | 1976 | 1975 | 1974 | 1973 | 1972 | 1971 | 1970 | 1969 | 1968 | 1967 | 1966 | 1965 | 1964 | 1963 | 1962 | 1961 | 1960 | 1959 | 1958 | 1957 | 1956 | 1955 | 1954 | 1953 | 1952 | 1951 | 1950 | 1949 | 1948 | 1947 | 1946 | 1945 |
|--|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|
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| 63% | 341 | 63% | 341 |
| 64% | 341 | 64% | 341 |
| 65% | 341 | 65% | 341 |
| 66% | 341 | 66% | 341 |
| 67% | 341 | 67% | 341 |
| 68% | 341 | 68% | 341 |
| 69% | 341 | 69% | 341 |
| 70% | 341 | 70% | 341 |
| 71% | 341 | 71% | 341 |
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| 73% | 341 | 73% | 341 |
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| 87% | 341 | 87% | 341 |
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| 89% | 341 | 89% | 341 |
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| 92% | 341 | 92% | 341 |
| 93% | 341 | 93% | 341 |
| 94% | 341 | 94% | 341 |
| 95% | 341 | 95% | 341 |
| 96% | 341 | 96% | 341 |
| 97% | 341 | 97% | 341 |
| 98% | 341 | 98% | 341 |
| 99% | 341 | 99% | 341 |
| 100% | 341 | 100% | 341 |

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TUESDAY, AUGUST 9, 1983

COMMODITIES

By H.J. MAIDENBERG

AMEX-CBOT Link Ending Barriers Between Securities, Futures Markets

NEW YORK — When the American Stock Exchange and the Chicago Board of Trade last week announced plans to give their members access to each other's stock index futures and options markets, it marked the next to last round in the eventual integration of the securities and futures markets.

The last step in the process will involve merging the Securities and Exchange Commission with the Commodity Futures Trading Commission. A White House panel headed by Vice President George Bush is now studying this possibility as part of its overall examination of regulatory agencies.

"What the AMEX-Chicago Board joint-access arrangement did was speed up an irreversible process that began with the opening of the financial futures markets in Chicago more than a decade ago," said Thomas A. Russo, partner in the Wall Street law firm of Cadwalader, Wickersham & Taft. "That was the first major crack in the thick walls that once separated the securities, commodities, and money markets."

Mr. Russo, an authority on commodity market law who helped draft the first regulations of the Commodity Futures Trading Commission, noted that the introduction of futures trading in Treasury bills and bonds, other financial instruments, foreign exchange and, most recently, stock index futures and options, has all but eliminated the distinctions between the markets.

"What the AMEX-Chicago Board linkage has done is to raise a sea of questions that cannot be navigated alone by either of the two regulatory agencies or, apparently, by the Internal Revenue Service," he continued.

"As other equities and futures markets link up, these questions and the answers will further erase the existing regulatory lines."

The AMEX-Chicago Board link 'will reduce the New York-Chicago rivalry that had led to duplicated products and lead to larger and more liquid markets.'

A Unified Tax on Profits?

The IRS, for example, still has not decided how profits and losses on stock index options are to be treated. The top tax on commodity profits works out to 32 percent, that on securities, 50 percent.

A common system of margin requirements also will have to be worked out between the equities and futures markets. Margins on futures are considered to be merely good-faith payments and are often as low as 5 percent of the value of the underlying goods. Equities margins are regarded as cash down payments and are currently at 50 percent of the stock's value.

As more securities exchanges link up with futures markets, more compatible clearing systems will have to be devised. Currently, there is a single clearing organization that handles this vital bookkeeping for the equities exchanges. In contrast, each commodity exchange has its own clearing unit that transfers the profits and losses of each account at the close of every business day.

On the positive side, Mr. Russo said, the links "will reduce the New York-Chicago rivalry that had led to duplicated products and lead to larger and more liquid markets. After all, liquidity, or the lack of it, is what makes or breaks markets."

Nathan Most, vice president of the AMEX, noted that, under his exchange's arrangement with the Chicago Board, members there will be able to trade the AMEX's Market Value Index options that are based on the prices of the roughly 850 traded issues, as well as its Major Market Index of 20 stocks that closely correlates with the Dow Jones industrial average of 30 blue-chip stocks.

Lawsuit Over Use of Average

Dow Jones Co. has taken legal action to prevent the Chicago Board from using its average as a futures vehicle. While waiting for the lawsuit to be resolved, the Chicago Board is preparing to list other index futures, which would be available to AMEX members.

Kenneth R. Leibler, senior vice president of the AMEX, said the arrangement was necessary because exchange floor traders and others who are market makers must have the ability to offset their exposure by hedging in other markets.

Without the arrangement with the Chicago Board, AMEX's market makers would have to lay off positions on other exchanges where they would be treated as outsiders. This would increase their trading costs. It would also mean giving up part of the commissions they charge to execute orders for others.

As for the licensing deal with the Chicago Board, Mr. Most said that Chicago's index futures would be cleared by their organization while AMEX options would be cleared by Options Clearing Corp. Both exchanges plan to provide more economical margins for offset operations as well as for spreaders in both markets, if the two regulatory agencies approve, he said.

New York Times Service

CURRENCY RATES

| Interbank exchange rates for Aug. 8, excluding bank service charges | | | | | | | | | |
|---|-------|-------|--------|-------|-------|-------|--------|-------|------|
| | \$ | DM | £ | ¥ | FF | Sc | Sw | DK | N |
| Amsterdam | 3.817 | 4.407 | 111.79 | 37.17 | 6.189 | 5.581 | 136.16 | 21.16 | 2.48 |
| Berlin | 2.486 | 3.056 | 6.67 | 2.327 | 17.94 | 24.78 | 5.79 | 1.48 | 1.48 |
| Frankfurt | 2.486 | 3.056 | 6.67 | 2.327 | 17.94 | 24.78 | 5.79 | 1.48 | 1.48 |
| London (S) | 1.938 | 2.327 | 6.67 | 2.327 | 17.94 | 24.78 | 5.79 | 1.48 | 1.48 |
| London (D) | 1.938 | 2.327 | 6.67 | 2.327 | 17.94 | 24.78 | 5.79 | 1.48 | 1.48 |
| Paris | 1.938 | 2.327 | 6.67 | 2.327 | 17.94 | 24.78 | 5.79 | 1.48 | 1.48 |
| Porto | 1.938 | 2.327 | 6.67 | 2.327 | 17.94 | 24.78 | 5.79 | 1.48 | 1.48 |
| New York | 1.938 | 2.327 | 6.67 | 2.327 | 17.94 | 24.78 | 5.79 | 1.48 | 1.48 |
| Stockholm | 1.938 | 2.327 | 6.67 | 2.327 | 17.94 | 24.78 | 5.79 | 1.48 | 1.48 |
| Switzerland | 1.938 | 2.327 | 6.67 | 2.327 | 17.94 | 24.78 | 5.79 | 1.48 | 1.48 |
| 1 ECU | 1.938 | 2.327 | 6.67 | 2.327 | 17.94 | 24.78 | 5.79 | 1.48 | 1.48 |
| 1 SDR | 1.938 | 2.327 | 6.67 | 2.327 | 17.94 | 24.78 | 5.79 | 1.48 | 1.48 |

New York Times Service

INTEREST RATES

| Eurocurrency deposits | | | | | | | | | |
|-----------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | 1M | 3M | 6M | 9M | 12M | 15M | 18M | 21M | 24M |
| 1M | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 |
| 3M | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 |
| 6M | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 |
| 9M | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 |
| 12M | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 |
| 15M | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 |
| 18M | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 |
| 21M | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 |
| 24M | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 |

Key Money Rates

| United States | | | | | | | | | |
|---------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | 1M | 3M | 6M | 9M | 12M | 15M | 18M | 21M | 24M |
| 1M | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 |
| 3M | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 |
| 6M | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 |
| 9M | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 |
| 12M | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 |
| 15M | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 |
| 18M | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 |
| 21M | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 |
| 24M | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 |

West Germany

| Eurocurrency deposits | | | | | | | | | |
|-----------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | 1M | 3M | 6M | 9M | 12M | 15M | 18M | 21M | 24M |
| 1M | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 |
| 3M | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 |
| 6M | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 |
| 9M | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 |
| 12M | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 |
| 15M | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 |
| 18M | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 |
| 21M | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 |
| 24M | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 |

Japan

| Eurocurrency deposits | | | | | | | | | |
|-----------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | 1M | 3M | 6M | 9M | 12M | 15M | 18M | 21M | 24M |
| 1M | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 |
| 3M | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 |
| 6M | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 |
| 9M | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 |
| 12M | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 |
| 15M | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 |
| 18M | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 |
| 21M | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 |
| 24M | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 |

Sources: Commercial Bank of Tokyo, London, N.Y. Herald & Tribune, U.S. dollars per yen.

Slimmer Montedison Attracts Investors

Management Change Creates New Feeling

By Paul Lewis

New York Times Service

MILAN — Although Montedison, the giant Italian chemicals company, appears to be drowning in red ink, its stock is soaring, and so is morale at company headquarters here.

The reason is that Montedison is seen by industry analysts, and apparently by many of its own employees, as a company not only on the way up but also leading the way among European chemicals companies.

After spending a decade as one of Italy's bloated, loss-producing government-controlled companies, Montedison started a new life in June 1981, when a group of leading businessmen bought a controlling interest. Since then, the company, which had sales of \$6.6 billion last year, has acquired a new management team and ruthlessly trimmed its operations at a cost of more than 10,000 jobs.

It has also moved to consolidate its strengths by selling unwanted divisions to other European chemical companies and acquiring new subsidiaries that it hopes will be more profitable.

In May, it formed a joint venture with Hercules Inc. of the United States, the world's largest producer of polypropylene. Montedison executives expect total sales of the venture to reach \$750 million this year and top \$1 billion soon.

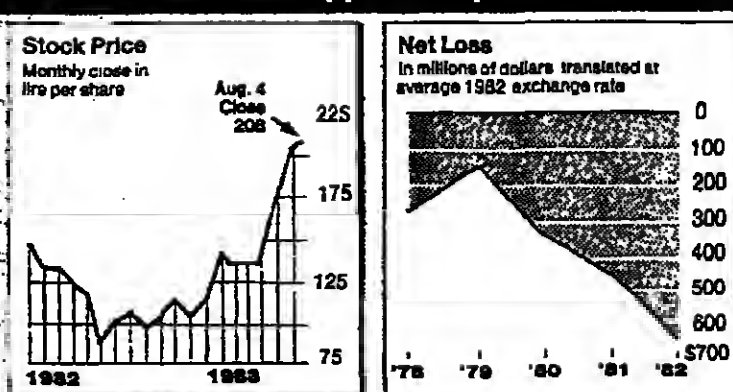
The change may not be showing results yet, but investors and managers believe it soon will. In 1981, Montedison lost the equivalent of \$458 million, translated at the average 1982 exchange rate. Last year losses were \$635 million and 1983 will be another deficit year.

Montedison's newly appointed president, Mario Schimberni, predicts the company will break even next year and become profitable thereafter. And as an indication that others believe the company is on the right track, Montedison's stock price has more than doubled during the past 14 months. The stock closed Monday in Milan at 214 (about 13 cents).

Many now see the anticipated turnaround at Montedison as part of an industrial renaissance in northern Italy. Other famous but floundering Italian companies, including the automaker Fiat, the tire producer Pirelli, and Zanussi, Europe's largest

(Continued on Page 13, Col. 3)

Montedison Wins Support Despite Losses



Mario Schimberni, left, Montedison's president, sees the company breaking even next year and becoming profitable thereafter. Right, a technician works in the company's Farmitalia Carlo Erba laboratories.

Marc Rich To Give Up Documents

U.S. Sought Papers More Than a Year

By Eric N. Berg

New York Times Service

NEW YORK — Marc Rich & Co. A.G., one of the world's largest commodity traders, has agreed to hand over documents subpoenaed more than a year ago by a U.S. grand jury because of intense fears among the firm's customers and suppliers that the government was preparing to seize the company's U.S. operations, according to executives familiar with the case.

Until Friday, Marc Rich had steadfastly refused to produce the documents, contending that as a Swiss firm it did not have to answer to a U.S. grand jury.

In talking about the agreement Sunday, the executives provided a rare glimpse into the workings of Marc Rich and as well as those of Clarendon Ltd., an offshoot of Marc Rich that is about a month old. Until Sunday, officials of both companies had refused to say anything about their operations or the government's investigation into Marc Rich's tax practices.

In a three-hour interview, executives of Clarendon said Marc Rich agreed to comply with the federal prosecutors' requests for documents because the firm's operations had been badly hurt by adverse publicity arising out of the tax investigation.

The Clarendon executives requested the interview in an attempt to ease concerns of their own customers and suppliers, who they say have been mistakenly associated with Marc Rich's problems with Clarendon. Officials of Marc Rich have declined to be interviewed.

While Marc Rich did not lose business because of the publicity, the executives said, the events had caused buyers and suppliers of metals traded by the company to "back away" from Marc Rich and "proceed with caution." As a result, they said, Marc Rich decided to end its yearlong struggle to resist the request for documents.

"They have now concluded that it is in their interest, from a financial and reputation point of view, to comply," said Peter F. Ryan, the chief financial officer of Clarendon.

Willy R. Strothotte, formerly the head of Marc Rich's metals and minerals unit and now president and chief operating officer of Clarendon, said, "They have decided to be pragmatic rather than dogmatic."

Mr. Strothotte and Mr. Ryan were interviewed in the presence of Clarendon's attorney, Peter Fleming Jr. The Clarendon executives insisted that their firm was separate from Marc Rich and that their customers' fears, therefore, were unjustified. But the government maintains that Clarendon and Marc Rich are really one and the same.

The grand jury has been investigating whether Marc Rich, in a complex pricing scheme, inflated the price of the oil that its U.S. subsidiary paid to the Swiss parent, thus evading about \$20 million in

(Continued on Page 13, Col. 3)

Rate Increase Triggers 20.23 Fall in Dow Average

Compiled by Our Staff From Dispatches

NEW YORK — The Dow Jones average plunged to a four-month low Monday in a broad-based stock market slide that developed after the major U.S. banks raised their prime rate.

The worst setback since late June put a damper on the approaching first anniversary of Wall Street's historic bull market. The only bright spot was slow trading.

The Dow Jones industrial average, which added 0.20 Friday, slid 20.23 to 1,163.06, the lowest

level since it closed at 1,156.64 on April 13. The loss was the worst since it fell 20.24 on June 28. The Dow average of 30 blue-chip stocks has added 80.63 the past two weeks and 65.24 since hitting a record high of 1,248.30 on June 16.

Declines routed advances, 1,315 to 328, among the 1,965 issues traded on the New York Stock Exchange, as the volume totaled only 71,460,000 shares, up from the 67,850,000 traded Friday but down from the past year's 85 million average.

Analysts said that although a jump in the prime, as well as other interest rates, was expected, the slide by the banks renewed investors' fears that the strong U.S. economic recovery was beginning to create competition between public and private borrowers and pushing rates higher.

"The market is adjusting to a new, somewhat tighter Federal Reserve policy," said Richard Doll, an analyst with Tucker Anthony and R.L. Day. He predicted that the federal funds rate, another closely

watched indicator of interest rate trends, would rise to between 10 1/2 and 11 percent in the fall from its current 9 1/2 percent level.

"Actually, the prime-rate increase is less than many had expected," said Michael Metz, Oppenheimer & Co. vice president.

Michael Sherman, chairman of the investment policy committee of Lehman Brothers Kuhn Loeb, said investors are afraid that the current rise in interest rates might force some companies to do without necessary funds.

This could create a slowdown in economic growth beginning in the fourth quarter, Mr. Sherman said.

On the trading floor, companies that are most affected by rising interest rates were the biggest losers.

Federal National Mortgage was the second most active issue, down 1 1/2 to 20 consolidated volume of more than 1.3 million shares. H.F. Ammons, a home savings and loan, fell 2 to 24 1/2 and Golden West Financial, 1 1/2 to 19.

Dollar Rises to 8.118 French Francs; 5 Central Banks Intervene in Market

Compiled by Our Staff From Dispatches

NEW YORK — The U.S. dollar resumed its climb Monday despite efforts by five central banks to halt its rise after commercial banks in the United States raised their prime lending rates.

In New York, the dollar climbed in Monday's trading to 2.6850 Deutsche marks from 2.6810 Friday. Against the Japanese yen, the U.S. currency strengthened to 243.90 from Friday's 243.60. The British pound rose about a penny to 1.4995.

The dollar rose in European trading to a record high, 8.1180, against the French franc and to its highest level against the Deutsche mark since February 1974. Dealers said the central banks of West Germany, Italy, Switzerland and Austria intervened in the foreign-exchange markets Monday by selling dollars in hopes the extra supply would halt the dollar's rise, dealers said. Dealers also said the Bank of Japan intervened on a "piecemeal basis."

In the United States, commercial banks boosted their prime rates to 11 percent from 10 1/2 percent. The prime rate is the base upon which banks figure interest rate charges to top-grade corporate borrowers.

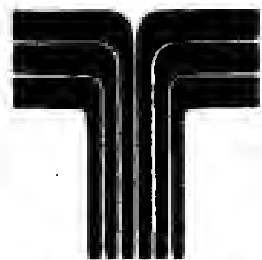
The rise in the prime rate followed the Federal Reserve Board report last week that the basic measure of the money supply rose more

than had been expected in late July. That made traders fearful that the Fed might take steps to tighten the growth of the money supply, a move that could raise rates further.

When U.S. interest rates are high relative to those in other countries, the dollar becomes more attractive to investors.

Monday's central bank intervention was said to be more modest than last week's intervention.

Copies of the Offering Circular relating to the Securities are available through the undersigned Manager.



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August 9, 1983

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BUSINESS BRIEFS

G.D. Searle & Co. Agrees to Supply NutraSweet to Royal Crown Cola

SKOKIE, Illinois (UPI) — G.D. Searle & Co. said Monday it agreed to supply its low-calorie sweetener, NutraSweet, to Royal Crown Cola Co. The agreement was not announced.

A contract to supply NutraSweet to Coca-Cola Co. was announced last week. NutraSweet, which was approved July 8 by the Food and Drug Administration for use in carbonated beverages, is made of amino acids that occur naturally in many foods. It is known generically as aspartame.

Soft drinks containing NutraSweet currently are marketed in Canada, Ireland, Denmark, Sweden and Norway.

Tories Consider Selling British Gas

LONDON (AP) — The Conservative government is considering plans to sell off British Gas Corp., one of its most profitable state-owned industries, the Energy Department said, adding that the sale could take several years.

London's Observer newspaper said the sell-off could raise more than £3 billion (about \$4.5 billion), making it the second-biggest denationalization measure after the proposed £5-billion sale of British Telecom, which controls most of Britain's telephone and communications services.

The Observer said the government was considering selling the corporation's entire production and supply network — including its North Sea oil holdings — and selling 51 percent of the company's stock on the London Stock Exchange. British Gas earned £188 million for the year ended March 31, up 31 percent from a year earlier.

CSX Corp. Wins Control of Texas Gas

RICHMOND, Virginia (AP) — CSX Corp., a major U.S. railroad holding company, has gained control of Texas Gas Resources Corp., a Kentucky-based gas, oil and transportation company.

A ruling in Washington on Saturday by U.S. Supreme Court Justice Lewis Powell cleared the last legal hurdle for the \$1.07-billion takeover, and CSX quickly bought 14.9 million, or more than 72 percent, of Texas Gas's 20.6 million shares outstanding at \$52 a share.

The boards of the companies agreed July 7 to the takeover, which CSX sought to integrate its transportation system. Texas Gas turned to CSX as a merger partner two days after Coastal Corp., a major oil and gas producer, announced a bid to buy Texas Gas. Coastal dropped its bid June 23.

Merck to Buy Control of Japan Firm

TOKYO (AP) — Merck & Co., a major U.S. pharmaceutical concern, is to acquire for about \$10 million a controlling interest in Torii Yakuhin K.K., a Japanese company that makes antibiotics, a Torii official said Monday.

The official said Merck agreed to buy a 50.5 percent interest in the Japanese company. Merck, based in Rahway, New Jersey, agreed last week to acquire about 51 percent of Banyu Pharmaceutical Co.

Irish Firm's Shares Soar on Oil Report

DUBLIN — Shares in Atlantic Resources, an Irish company engaged in offshore oil exploration, soared on the Dublin stock market Monday following reports that an exploratory well drilled by its American partner was flowing on test.

Shares in Atlantic Resources, which has as partners Gulf Oil Corp. and Union Oil Co. of California, jumped to 5.85 Irish pounds (\$6.88) in mid-session trading, a rise of 1.65 pounds from Friday's close. A month ago Atlantic Resources shares were trading at 40 pence each.

Gulf has declined all comment on reports of an encouraging second test at its well some 20 miles (32 kilometers) off the southeast Irish coast, beyond confirming that it was testing the well. The first test last week produced oil flowing at about 2,800 barrels a day, according to unconfirmed reports.

U.K. Producer Prices Rise 0.2 Percent

LONDON (Reuters) — British producer prices rose a provisional 0.2 percent in July from the previous month after a 0.2 percent rise in June, while manufacturers' costs dropped 0.4 percent in July after a 0.2 percent rise in June, the Trade and Industry Department said.

Caracas, Moscow Renew Oil Accord

CARACAS — Venezuela will renew a lapsed oil agreement with the Soviet Union this month, sending 20,000 barrels a day of heavy crude oil to Cuba, oil industry sources said. The agreement is to last until December, but may be extended.

In exchange, the Soviet Union will send 20,000 barrels daily of Soviet export blend oil to refineries at Gelsenkirchen jointly owned by Petrosol of Venezuela and Veba Oel, the West German state-controlled oil company. The sources said the agreement would allow Venezuela and the Soviet Union to save on shipping charges.

The oil swap involving Cuba and the Soviet Union first went into effect in 1978. It was allowed to lapse in 1982 when the differential between Venezuela's prices and Soviet prices made the transaction uneconomical for Venezuela's European customers, the sources said.

Saudi Basic to Build 2 Chemical Plants

LONDON (UPI) — State-run Saudi Basic Industries Corp. agreed to build two chemical facilities with help from B.F. Goodrich Co. of the U.S.

The plants are to be built in Al Jubail industrial district in eastern Saudi Arabia.

Saudi Basic was licensed by Goodrich to manufacture 300,000 tons of vinyl chloride monomer and 200,000 tons of polyvinyl chloride a year, the Saudi company said.

Company Notes

James River Corp. said it signed a letter of intent to acquire H.P. Smith Paper Co. from Phillips Petroleum Co. for \$34.5 million. The acquisition is to be funded from current cash resources, James River said. H.P. Smith, based in Chicago, makes polyethylene and silicone coating release papers used with pressure-sensitive adhesives. It had sales of \$51 million in 1982.

Southwestern Bell Telephone Co. reduced its request for an annual rate increase to \$497.2 million, but the company said it was not giving up its effort to get a \$1.7-billion increase. The revised rate plan filed with the Texas Public Utility Commission would boost the average monthly residential phone bill in Texas by \$6.45, compared with the \$30-a-month increase under the \$1.7-billion rate rise that Bell proposed June 24.

Budget Deficit in Emirates To Be Record; Taxes Urged

ABU DHABI — A sharp drop in oil revenue has led the United Arab Emirates to predict its largest budget deficit ever and prompted calls for the introduction of taxes.

The minister of state for cabinet affairs, Said al-Ghathi, said Monday that the cabinet had approved a 1983 draft budget with an expected deficit of 5.51 billion dirhams (\$1.5 billion), the largest shortfall in the federation's 12-year history.

According to figures from the emirates' central bank, oil exports, which make up more than 90 percent of the budget, dropped to 34.6 billion dirhams in 1982 from 45.5 billion in 1981.

In the 1983 draft budget, total revenues are projected to fall to 12.9 billion dirhams. The sharp drop in revenues has led to calls for taxes in the emirates, whose people, according to a recent World Bank report, are the richest in the world.

Swiss Prices Rise 2.2 Percent

BERNE — Swiss consumer prices rose 2.2 percent in July from a year earlier, the Federal Office for Industry, Trade and Labor said. The increase was the lowest since February 1979.

Canadian Gold Find Proving to Be Vast

By Douglas Martin
New York Times Service

HEMLO, Ontario — This bump-in-the-road village, so tiny that it warrants no mention in such definitive reference works as the Columbia Lippincott World Gazetteer or the Rand McNally Commercial Atlas, is about to be put on the map by gold.

Drivers approaching Hemlo — a motel, restaurant and gas station that flank the Trans-Canada Highway 450 miles (720 kilometers) northwest of Toronto — are met by rows of orange claim markers flanking the road. In the adjacent bush, crews of men and machines can be seen scraping and blasting their way through the masking and underlying rock to tap into a gold discovery that many analysts rank among the world's biggest.

"This rush is as big, if not bigger, than the Klondike in 1896," said Michael Pickering, a mining analyst with Midland Doherty Ltd. in Toronto, referring to Texas Gulf Sulphur's huge discovery at Kidd Creek, Ontario.

So far, exploration and mining have uncovered more than 13 million tons of proven ore reserves, each bearing more than a quarter of an ounce of pure gold, or an indicated 3.25 million ounces.

Mining companies involved estimate that Hemlo may ultimately yield more than 50 million tons of high-grade gold reserves, and analysts expect that even that projection will be surpassed.

If the estimates hold, and if the yield-per-ton remains at about a quarter ounce, the value of Hemlo's output could surpass \$6 billion at current gold prices.

The early finds are so encouraging that analysts have begun comparing Hemlo to previous finds that have made Canada the world's third leading gold producer, behind South Africa and the Soviet Union.

"Hemlo could become a new Timmins," said Alexander C. Douglas, an analyst with Gordon Securities Ltd., referring to the Ontario city where 250 million tons of high-grade ore have been produced in the past 60 years.

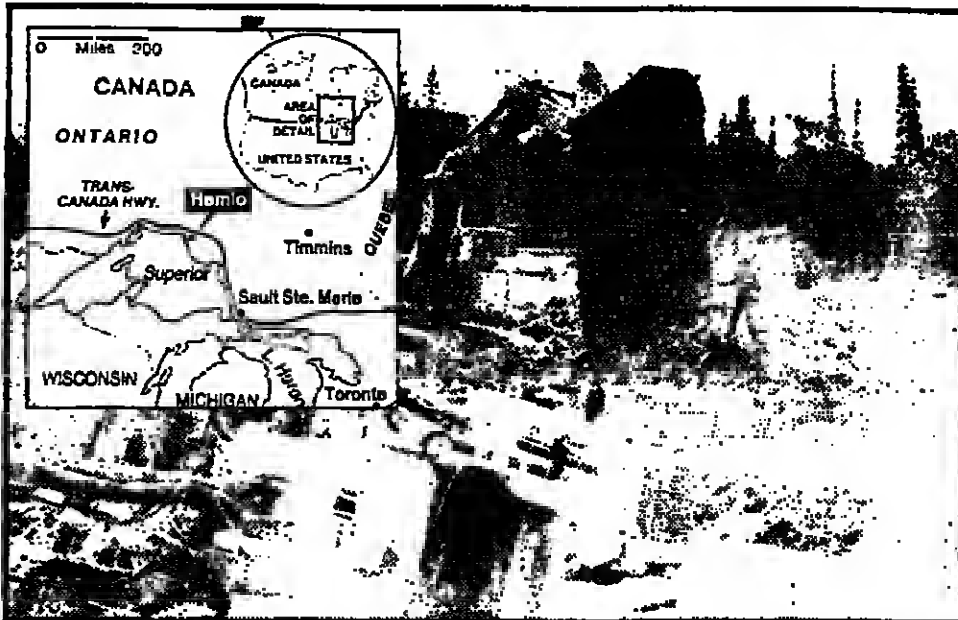
To many analysts, the arrival last fall of the giant Canadian mining company Noranda Mines Ltd. underscored the seriousness of the find. In setting up shop at Hemlo and announcing plans to build a \$100-million smelter, Noranda joined dozens of big and small mining companies and the hundreds of speculators and prospectors.

The enthusiasm for Hemlo is fired to a large extent by its unusual geology and ease of access. While most gold is found in quartz, Hemlo is embedded in an unusual type of sedimentary rock. For this reason, Hemlo's potential was dismissed for years, even though gold has been known to exist there since the 1870s.

The fact that gold has been discovered at Hemlo on a major scale, geologists say, could mean it might be found in many places that had seemed unpromising.

"We just don't know where it's going to lead," said Carl Pierre, head of Noranda's Hemlo operations.

Geography, too, has been a boost to Hemlo's gold rush. The town is on the Trans-Canada Highway and near a railroad, and water and electricity are readily available. Douglas Nicholson, an analyst



Blasting being carried out at Noranda Mines' gold-mining stake at Hemlo, Ontario.

with Alfred Bunting & Co. termed the site "an almost ideal location." Thus, the cost of recovery promises to be far cheaper than at Canada's last major gold discovery, in the mid-1970s: Detour Lake, about 125 miles north of Timmins. To develop Detour, a partnership comprising Amoco, Campbell Red Lake Mines and Dome Mines had to build roads and a town.

At Hemlo, company officials estimate, operations would be profitable even if gold fell to half its current price of about \$425 an ounce, or if ore concentrations were half as rich.

Hemlo is the financial child of Murray Pezim, a Vancouver promoter and businessman who, among other eccentricities, keeps a whistle on his desk to blow in the ears of unwelcome phone callers. In a recent interview, Mr. Pezim claimed to own a controlling interest in about 70 companies, including about 50 in the Hemlo area.

His International Corona Resources Ltd. made the first Hemlo discovery in 1981, and later that year accepted Teck Corp. as a 55-percent partner. Corona drilled 75 unsuccessful holes at a cost of \$1.5 million before striking it rich.

"It's brilliant, and I deserve a lot of credit," Mr. Pezim said. "This could be the largest gold-mining camp discovered in North America."

Two other Pezim companies, Goliath Gold Mines Ltd. and Golden Sceptre Resources Ltd., hold claims on another large Hemlo tract. Noranda bought into this one in November, on a 50-50 basis, for \$5 million. Noranda is building a mine shaft, which will produce the first gold from Hemlo as early as next year. It also plans to build a mill, costing as much as \$100 million.

The other principal gold deposit

Lac Minerals. Long Lac's estimate last August that it had found two million tons of ore-grade material ignited a boom in the stock of Hemlo mining concerns. Noranda's entry in November was further ammunition.

Since then, steadily escalating reserve estimates have added to the excitement. Noranda, Teck and Long Lac have indicated that they expect their reserves to exceed official estimates several times over.

Despite the apparent size of the Hemlo discovery, analysts doubt that it will have much impact on the price of gold. Demand is strong, particularly from the electronics industry, which cannot recover 90 percent of the approximately \$5 tons a year it uses. The strength of the U.S. dollar works to increase gold prices in the short term. Analysts say that big discoveries in the past have often not significantly depressed prices.

Marc Rich & Co. to Surrender Documents in U.S. Tax Probe

(Continued from Page 9)

taxes. The grand jury had subpoenaed documents from the Swiss company records of some of the questioned transactions.

Marc Rich claimed that the transactions were at "arm's length," and that, because it is a Swiss company, the transactions were not under the jurisdiction of U.S. law. In addition, a Swiss court has ruled, in a case brought by Marc Rich itself, that Marc Rich would violate Swiss secrecy laws if it turned over the documents to the U.S. prosecutors.

At the core of the matter is the debate over the extent to which U.S. courts can extend their investigative powers to foreign companies, even if they do business in the United States.

Mr. Strothotte and Mr. Ryan provided a detailed explanation of the agreement reached Friday that should lead to Marc Rich's relinquishing of the documents in question. They also provided a description of the marathon negotiations leading to the agreement and of the problems that Marc Rich and Clarendon experienced while the talks were under way.

One agreement, between Marc Rich and the government, calls for Marc Rich to produce the subpo-

neered documents by Aug. 19. Not until the documents are in prosecutors' hands will a contempt charge and a \$50,000-a-day fine ordered June 29 by Federal District Judge Leonard R. Sand be lifted.

Marc Rich has paid \$1,350,000 of about \$2 million in fines accrued. The agreement calls for the government to keep the fines already paid.

In return for the concessions it has received from Marc Rich, the government has agreed to lift a freeze imposed June 30 on some of Marc Rich's domestic assets. These include bank deposits, including money held for Marc Rich at the Chase Manhattan Bank, as well as money owed the firm by various commodity traders. Although Marc Rich is best known for its activities as an oil trader, it also has interests in aluminum, bauxite, copper, lead and zinc.

A separate agreement has been reached between the government and Clarendon, which was formed to buy Marc Rich International Ltd., the U.S. subsidiary of Marc Rich & Co. Although Clarendon says it is entirely separate from Marc Rich & Co., the government disagrees and has threatened to seize Clarendon's assets, too. Clarendon, a trader with interests in virtually all the same commodities

as Marc Rich & Co., thus has become involved in the litigation.

Before its purchase by Clarendon, Marc Rich International had turned over other documents that had been subpoenaed by the federal prosecutors.

Clarendon agreed to pay any unpaid Marc Rich & Co. fines if Clarendon does business with Marc Rich before Aug. 19. It also pledged its oil properties in the United States as collateral, subject to seizure by the government should Marc Rich not pay its fines.

The government agreed not to freeze any assets of Clarendon if Marc Rich pays the fines. Mr. Ryan, Clarendon's chief financial officer, said Clarendon agreed to guarantee Marc Rich's fine because, though the two companies claim to have no connection with one another, it was felt that Clarendon could help its own name by aiding Marc Rich.

"Since the government still thinks we are Marc Rich A.G., the only way to get an agreement was to say, 'We're not A.G., but we'll guarantee A.G.'s payment to get an agreement,'" Mr. Ryan said.

Mr. Fleming and other attorneys close to the case said negotiations to reach both agreements began Monday evening and continued,

sometimes late into the night, every day until Friday, when the final accord was signed at the Manhattan apartment of Judge Sand.

Throughout, the owners of Marc Rich & Co. — Pincus Green and Marc Rich — have remained conspicuously absent. Mr. Rich, who before starting his firm was a metals trader at what is now the Wall Street firm of Phibro-Salomon Inc., and Mr. Green, a longtime friend and business associate of Rich, have left for Switzerland, where they maintain homes. Mr. Ryan and Mr. Strothotte said they did not know when Mr. Rich or Mr. Green would return to the United States.

It is clear, based on Sunday's interview, that in the days leading to the accord, Clarendon and Marc Rich began to suffer serious operational difficulties as customers and suppliers became skeptical over the possibility of a government seizure of assets.

Mr. Strothotte said, "It has taken a lot of assuring by our people that the reports of Clarendon's being closed down were not true and that Clarendon's assets were not impaired."

He and Mr. Ryan insisted that there was no plan to return Clarendon to the control of Mr. Rich or Mr. Green. They said Clarendon was sold because of a feeling that,

Slimmed-Down Montedison Attracts Investors' Eye

(Continued from Page 9)

appliance manufacturer, have also shed surplus labor and invested in new technology.

"There is a feeling things just can't go on the way they have been in Italy," said Howard E. Harris, a U.S. executive recently recruited to head Montedison's corporate strategy department and a key player in efforts to put the chemical giant back on its feet.

Two years ago a group of Italian business leaders bought the 17-percent controlling interest in Montedison that had been held by the state-owned energy company, Ente Nazionale Idroelettrico, since 1971. Behind the move were the Agnelli family, which controls Fiat, the Piaggio and two other prominent Italian business dynasties, the Bonomi and the Orlandos.

Once in control, these families began to turn the company upside down. To encourage innovation, they gave operating divisions greater autonomy under the control of a central holding company. A purge of top management brought in new executives.

Montedison's new leaders then

prepared a recovery strategy aimed at slimming down its more than 100 businesses, shedding its money-losing basic chemicals divisions and concentrating on lines in which the company had a competitive edge. It also began expanding its activities outside Italy's sluggish economy, which now accounts for 60 percent of sales.

"Managing by strategy was a revolution here," Mr. Harris said. In plastics, Montedison decided to concentrate on polystyrene and polypropylene, a material it helped invent and for which it claims the most efficient production technique.

The company also rearranged its profitable health-care and pharmaceutical activities, putting them into a new company called Erbe-

mont and selling \$125 million worth of shares on Wall Street to raise cash. Erbe-mont also took control of Kappesstad, a U.S. company making diagnostic kits, as well as a 30-percent stake in the U.S. pharmaceutical concern Adria Laboratories, controlled by Hercules.

In fibers, Montedison decided to concentrate on acrylics and polyesters, swapping its share in a British nylon venture with Monsanto for Monsanto's acrylics interests in Ireland and West Germany. Montedison then liquidated its remaining nylon interests in Italy and France.

But restructuring Montedison's industrial activities is not enough to ensure profitability and survival, analysts say. The company still has

debts totaling \$1.4 billion, meaning 9 percent of its sales revenues are dedicated to interest payments. That compares with a 4-percent average for the rest of European industry and about 2 percent in the United States.

"You can't make money like that," Mr. Harris said.

So Montedison has also begun a financial restructuring. This month, for instance, it started converting short-term debt into longer maturities with a successful offering of indexed bonds, and more issues are expected. Executives said the company might also sell off "nonstrategic" assets, such as its interest in the newly found oil fields off the Sicilian coast, to raise cash and repay debts.

Kuwait Clears New Rules for Stock Trading

Reuter

KUWAIT — The Kuwaiti cabinet has approved new rules for the country's official stock market. The rules are to be put before an extraordinary meeting of the national assembly for ratification, the Kuwait News Agency said.

It quoted a government spokesman as saying the proposed law, which is intended to prevent fraudulent stock transactions, would give the market a legal identity and establish an 11-member board to oversee its activities.

Jassem al-Marzook, the commerce and industry minister, told a press briefing on Sunday that he would head the board, which is to include other government officials, representatives of the Chamber of Commerce and experts from various economic areas.

The board would be empowered to set rules for stock transactions and over-share listings, and, in some circumstances, to suspend trading in block certain stock sales, the agency said. It did not elaborate.

The extraordinary national assembly session, scheduled for this week, also will debate a draft law approved by the cabinet July 31 that is intended to reduce debts outstanding from last year's stock market crash.

The crash followed a massive speculative boom centering on the unofficial *sak*-*manah* stock exchange, financed largely by postdated checks for future stock transactions that included huge premiums over spot prices at the time of the transactions.

The draft bill proposes limiting premiums to 25 percent over spot prices to settle stock dealings in an attempt to reduce the volume of debts still to be cleared and to forestall further bankruptcies.

Unofficial estimates have put the total of debts arising from unsettled postdated checks at more than \$90 billion.

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AMSTERDAM DEPOSITARY COMPANY N.V.
Amsterdam, 29th July 1983.

ADVERTISEMENT INTERNATIONAL FUNDS

August 8, 1983

The net asset value quotations shown below are supplied by the Funds listed in the following table. The quotations are based on the issue price of the fund. The following information is provided for the funds listed in the table: (1) - daily; (2) - weekly; (3) - monthly; (4) - bi-monthly; (5) - quarterly; (6) - annually; (7) - semi-annually; (8) - bi-annually; (9) - tri-annually; (10) - quarterly; (11) - semi-annually; (12) - bi-annually; (13) - tri-annually; (14) - quarterly; (15) - semi-annually; (16) - bi-annually; (17) - tri-annually; (18) - quarterly; (19) - semi-annually; (20) - bi-annually; (21) - tri-annually; (22) - quarterly; (23) - semi-annually; (24) - bi-annually; (25) - tri-annually; (26) - quarterly; (27) - semi-annually; (28) - bi-annually; (29) - tri-annually; (30) - quarterly; (31) - semi-annually; (32) - bi-annually; (33) - tri-annually; (34) - quarterly; (35) - semi-annually; (36) - bi-annually; (37) - tri-annually; (38) - quarterly; (39) - semi-annually; (40) - bi-annually; (41) - tri-annually; (42) - quarterly; (43) - semi-annually; (44) - bi-annually; (45) - tri-annually; (46) - quarterly; (47) - semi-annually; (48) - bi-annually; 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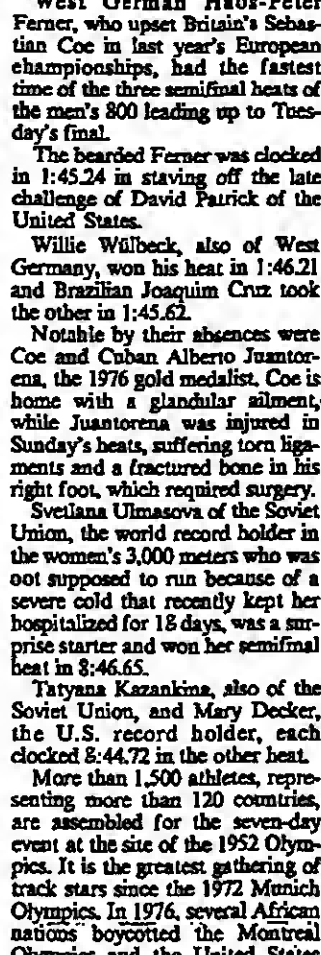
Lewis Leads 1-2-3 U.S. 100; Ashford Injured

The fans certainly accorded Hoffmann the applause earned by a winner, but they reserved their biggest cheers for Banks. Prior to each of his jumps, they began clapping rhythmically while the American was trying to psyche himself up by listening to music on his stereo headphones. And each time after he jumped, they cheered his efforts.

Among those missing from the triple jump final was Keith Connon of Britain, ranked No. 1 in the

Moses, the world record holder and 1976 Olympic champion, was clocked in 48.11 seconds in romping to victory in his heat. West German Harald Schmid, the last man to beat Moses, won the other semifinal in 48.57.

Americans finished second in both heats. Andre Phillips was behind Moses in 48.99 and David Lee followed Schmid in 48.63.



The Aga Khan

hit his 17th home run of the year for the Tigers. Matt Keough (4-6) took the loss.

Brewers 9, Blue Jays 6

In Milwaukee, Charlie Moore went 3-for-4 with three RBIs and Jim Gantner and Ted Simmons drove in two runs apiece to pace the Brewers to 9-6 triumph and a three-

Rangers 4, Indians 3
Indians 7, Rangers 0

(2-1) posted his first major-league shutout as the Indians broke a five-game losing streak with a 7-0 victory that gave them a doubleheader split with Texas. In the 4-3 opener, Dave Hostetter doubled home George Wright with the go-ahead run in the fifth and Victor Cruz

Angels 3, Mariners 3
In Seattle, Bobby Grich drove in two runs and Ken Fench picked up a 10th victory of the year as California ended a four-game losing streak by nipping the Mariners, 4-3.

Camacho Takes WBC Title on TKO

United Press International

SAN JUAN, Puerto Rico — Unbeaten Hector Camacho of Puerto Rico won the vacant World Boxing Council super featherweight title here Sunday on a fifth-round technical knockout over Rafael Limon of Mexico. The title was vacated recently when the WBC stripped Robby Overton for refusing to fight

Camacho knocked Limon down three times in the scheduled 12-rounder. Referee Richard Steele stopped the fight at 2:52 of the fifth round after Limon had hit the deck twice in the round.

Camacho dominated from the start, using hard right jabs and left hooks along with series of straight rights. Limon was slow-moving throughout. Camacho raised his record to 22-0, while Limon, who had held the title twice, fell to 47-13-2.

CFL Standings

CFL Standings

| EASTERN DIVISION | | | | | | |
|------------------|---|----|-----|-----|----|-----|
| | W | L | T | PF | PA | Pts |
| Toronto | 4 | 10 | 148 | 109 | 8 | |
| Montreal | 2 | 3 | 151 | 135 | | |
| Ottawa | 4 | 10 | 74 | 134 | 9 | |
| Montreal | 1 | 4 | 98 | 149 | 2 | |

| WESTERN DIVISION | | | | | | |
|------------------|---|----|-----|-----|----|-----|
| | W | L | T | PF | PA | Pts |
| Edmonton | 3 | 11 | 135 | 77 | 4 | |
| Brill. Columbia | 2 | 10 | 124 | 81 | 4 | |
| Winnipeg | 3 | 10 | 154 | 97 | 4 | |
| Calgary | 2 | 2 | 115 | 163 | 4 | |
| Saskatchewan | 4 | 4 | 110 | 164 | 2 | |

Saskatchewan's Results

| | | | |
|------------------|----|----------|----|
| Winnipeg | 36 | Montreal | 25 |
| British Columbia | 22 | Calgary | 14 |

my mind after the third bogey [at No. 14]. I said, 'I'm not going to let this happen again.' I felt that my thinking was coming apart, not my game. I was going from aggressive to conservative. I think maybe I let up' — when he had a five-shot lead after 11 holes.

'The crowd wasn't the only one who knew the Bear was coming,' quipped Sutton. 'I told myself, "Well, I don't need to do this two weeks in a row on national TV.... Hey, let's go — let's not embarrass ourselves like that." I certainly felt the challenge. I

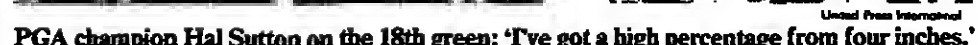
“Come through he did, and with such fan that Nicklaus says he greeted Sutton with these words behind the 18th green: “Hal, that will be the first of many for you.”

Years from now, if Sutton has his way, we may look back on Sunday as the occasion when the new bear supplanted the old. From his hair to his glare, from his bulging forearms to his powerful legs, Sutton

looks more like a younger Nicklaus than any other player on tour. But, from Trevino to Miller to Weiskopf to Watson to Sutton there have been potential heirs to Nicklaus and none has ever approached his decade-upon-decade consistency.

Even in defeat Sunday, Nicklaus, 43, reasserted his unique position in the game. He has not only won 19 majors, but now has been runner-up in 16 — another all-time record.

"It's kind of fun to come down to the end again," said a grinning



Hunched under a tree, he couldn't even chip the ball sideways back to

Then, from 205 yards away in the rough, Sutton hit the ball to four-foot tap-in range for what he called "a reccal critical par."

Nicklaus was equally certain that he lost with his miserable play on the par-5, the piece-of-cake hole for the 11th. He had a 10-foot putt for eagle Sunday at No. 1, Nicklaus said. He found grass jail with his second-hand shot and settled for par. At both the 11th and 17th, he had simple punchers to shots — one of 40 yards, the other of 80 — that dozens of people in the gallery said he should have made. But he hit the hole on the 11th. Nicklaus hit duffer shots on both, leaving the putts 30 and 40 feet short of the hole. Both times he settled for pars and did slow burns.

This PGA's final hour was one of the exceptional drama. After Sutton's 16th (read it wrong, hit it wrong, went in the hole), every scoreboard showed Sutton's lead down-bored and Nicklaus's 18-foot birdie at the 16th ("read it wrong, hit it wrong, went in the hole"), every scoreboard showed Sutton's lead down-bored

"My only concern was if Jack birdied the 17th that would put me behind the 8-ball," said Sutton. "I'd have to make another birdie to win, and the 16th and 18th certainly aren't birdie holes."

When Nicklaus hushed his chance at No. 17, Sutton's collar loosened. He almost let a short putt slip outside the hole at the 17th, but his second putt at the 18th was tensionless.

Said Sutton, "I've got a high percentage from four inches."

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